GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

Research And Intelligence SECTION

SECRET

NOTES CORRESPONDENCE

File No. H1/1012(9)/73
Volume

INDEXED.

Subject

POLITICAL REPORTS ETC (OTHER THAN ANNUAL) FROM: JEDDAH

1973

Indexed on

Initials

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Previous References

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Later References

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NATIONAL ARCHIVES OF INDIA

NATIONAL ARCHIVES OF INDIA

HI/1012(9)/73

SECRET

MINISTRY OF EXTERNAL AFFAIRS
HISTORICAL DIVISION
R&I SECTION

SUBJECT:-Political Reports etc.(other than Annual Reports) from Jeddah

Dy. No. 1670/R&I/73 S.No(1) p. 1 to 6/c

For information only

4/4

BR. Chaphe 4/4/73

Dy No. 1843/R&I/73 S.No(2) p. 7 to 10/c

For information only

BR. Chaphe 30/4/73

30/4

Dy No. 2542 R&I/73 S.No(3) p 11-20/c

For inf please.

BR. Chaphe 23/5/73

23/5

Dy No. 3287/R&I/73 S.No(4) p 21 to 24/c

For information only.

BR. Chaphe 30/6/73

30/6

NATIONAL ARCHIVES OF INDIA

Dy No. 4207/R&I/73 S.No(5) p.25-33/C
Dy No. 4208/R&I/73 S.No(6) p.34-37/C
Dy No. 3716/R&I/73 S.No(7) p.38-42/C

For information pl.

27/7

H.R. Chadha
27/7/73

Dy No. 4336/R&I/73 S.No(8) p.43-48/C
Dy No. 4677/R&I/73 S.No(9) p.49-60/C

For information only pl.

30/8

H.R. Chadha
30/8/73

Dy No. 5336/R&I/73 S.No(10) p. 61-69/C

For information pl.

16/10

H.R. Chadha
16/10/73

Dy No. 5884/R&I/73 S.No(11) p.70-78/C

For information only.

16/11

H.R. Chadha
17/11/73

Dy No. 6413/R&I/73 S.No(12) p.79-84/C

For information pl.

2/1/74

H.R. Chadha
2/1/74

NATIONAL ARCHIVES OF INDIA

(1)

Jeddah

SECRET

INDEX OF MONTHLY POLITICAL REPORTS

1. MPR for January & Feb. - at S.No.(1)- page Nos. 1 to 6 /c
2. MPR for February- at S.No.( )-page Nos.
3. MPR for March - at S.No.(3)-page Nos. 11-20/c
4. MPR for April - at S.No.(5)-Page Nos. 25-33/c
5. MPR for May - at S.No.( )- page Nos.
6. MPR for June - at S.No.(8)-page Nos. ~~34-37/c~~ 43-48/c
7. MPR for July - at S.No.(9)-page Nos. 49-60/c
8. MPR for August - at S.No.(10)-page Nos. 61-69/c
9. MPR for September-at S.No.(11)-page Nos. 70-78/c
10. MPR for October -at S.No.(12)-page Nos. [illegible]
11. MPR for November -at S.No.(13)-page Nos. [illegible]
12. MPR for December -at S.No.(14)-page Nos. 90-95/c

NATIONAL ARCHIVES OF INDIA

-3-

Dy No. 6992/R+1/73 S. No (13) p. 85-89/c

For information only pl

16/1

H.R. Chaudhry
16/1/74

Dy No. 503/R+1/74 S. No (14) p. 90-95/c

Dy No. 504/R+1/74 S. No (15) p. 96-103/c

For information pl.

28/3

H.R. Chaudhry
28/3/74

NATIONAL ARCHIVES OF INDIA

(1)
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Date 17/3/73

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EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73. 8th March 1973.

POLITICAL REPORT FOR THE MONTHS OF
JANUARY & FEBRUARY 1973

PART-I - POLITICAL

SUMMARY

The most important event of the period was the performance of Haj on 13th January 1973 which was led, as usual, by King Faisal himself. Haj Delegations from all Muslim countries and the countries having sizeable Muslim population came for Haj. Indian Delegation was led, for the first time this year, by a Minister- Shri Mohd.Shafi Qureshi, Deputy Minister of Railways. The year saw the largest-ever number of pilgrims and the Saudi arrangements were, on the whole, satisfactory. 6500 Bangladesh pilgrims also performed Haj without difficulty and we looked after them and the way in which we handled their delicate visit was much appreciated.

In an unusual manner King Faisal made a 12-day mass-contact tour by car while returning from Jeddah to Riyadh after Haj. The important stopovers on the way to Medina were Hail and Qassim where he met not only the important people but common men also.

Syed Omar Sakkaf, Minister of State for Foreign Affairs, paid official visits to Tunisia, Algeria, Morocco and Cairo where he met the highest authorities in the Governments. Prince Sultan bin Abdul Aziz, Saudi Minister of Defence, visited Jordan and reaffirmed Saudi support for Jordan. Prince Fahed bin Abdul Aziz, Deputy Premier and Minister of Interior, during his holidaying in U.K. met the British Foreign Secretary, Defence Minister and the British Premier. Among the visitors to Saudi Arabia were the Tunisian Minister of Information Shazli Qulaibi, Moroccan Minister of Social Welfare Arsalan Al-Jadidi, Egyptian Minister of Endowments, Dr.Abdul Halim Mahmoud, Egyptian Minister of Education Dr.Ali Abdul Razak, Syrian Deputy Prime Minister Syed Mohd.Haider and Syrian Deputy Premier and Foreign Minister Abdul Halim Khaddam, Kuwaiti Ministers Sheikh Sa'ad Abdullah Al-Salem Al-Sabah and Syed Abdul Aziz Abdullah Al-Sarawi, Yemeni Foreign Minister Mohd.Ahmed No'man, Italian Foreign Minister Medici, Malaysian Education Minister Dawood Husain bin Awn, Guinean Minister of Agriculture Syed Alfa Bakr Bari, Indonesian Minister of Interior and the Bahraini Prime Minister Khalifa bin Salman.

The visit of Indian Haj Delegation led by Shri Mohd.Shafi Qureshi, Deputy Minister of Railways, presence during Haj of several Indian dignitaries and Members of Parliament as also call of I.N.S. MYSORE on Jeddah Seaport cleared atmosphere to a great extent in favour of India while the unusual increase in the number of Pakistani pilgrims without sufficient foreign exchange and long stay adversely affected the Pakistan's image in the country.

DOMESTIC AFFAIRS

2. Haj: This year, the Haj was performed on 13th January 1973 and King Faisal, as usual, led the performances personally. It started with the Ka'aba Washing Ceremony in which the Muslim Head of Missions, leaders of Haj Delegations and other foreign VIPs, who came for Haj, participated. A usual Dinner Banquet to

-2-.....

NATIONAL ARCHIVES OF INDIA

important pilgrims was also given in Mecca. Delegations from all Muslim countries and the countries having sizeable Muslim population came for Haj. Indian Delegation was led, for the first time this year, by a Minister in Shri Mohd.Shafi Qureshi, Deputy Minister of Railways. The arrangements were, on the whole, satisfactory and better than previous years though the number of pilgrims was largest-ever which came for Haj.

3. Jeddah Port: Jeddah seaport, which has been extended, was formally inaugurated by the King on the 31st of December and the port was named as King Faisal Seaport.

4. King Faisal back to Riyadh: During the period of Haj every year, King Faisal is present in Jeddah or Mecca and after Haj, he returns to Riyadh. His trips between Riyadh and Jeddah have, in the past, been by air. This year, however, he decided to return to Riyadh, after Haj, by car and on the way, he visited Medina. Reaching Medina, the King went straight to the Prophet's Mosque and during his stay he laid foundation-stone of King Abdul Aziz Library, visited Islamic University, and attended a Public Rally to celebrate the King's visit to Medina. After three-days' visit to Medina, the King visited Hail and Qassim areas on his way to Riyadh. Public rallies were held at the places visited by the King, official functions were held in his honour and he met a large number of people. In Qassim, the King participated in the local folk dance called "Arda" dance along with the Princes and the common people. The King spent 12 days in all in this mass-contact tour. He had not visited these areas for the past 7 or 8 years.

EXTERNAL RELATIONS

5. Islamic Activities: The World Muslim League (Rabita) arranged a three-day International Islamic Seminar just before Haj in which stress was laid on the protection of Muslim society against athaestic thoughts and ideas and the Muslim States were called upon to enforce Islamic laws in their countries.

Islamic Secretariat Charter became an effective document on the 7th January 1973 when Libya as the 16th country ratified the Charter, the majority of the participants having ratified.

On the occasion of Haj, a Muslim Scouts Jamboree was held in which six Scouts each from Muslim countries and India participated. This Jamboree is held every alternate year and it was the fifth Jamboree on the occasion of this Haj. It was opened by Prince Fahed bin Abdul Aziz, Minister of Interior and 500 Scouts participated including a large contingent of Saudi Scouts.

6. Maghreb: Sayed Omar Sakkaf, Minister of State for Foreign Affairs, paid official visits to Tunisia, Algeria and Morocco with special messages from King Faisal to the Heads of State of these countries. In Tunisia, he had talks with his counterpart Syed Mohammad al-Masmoudi and was received by Tunisian Premier and President Bourguiba. The two Foreign Ministers exchanged Instruments of Ratification of the Air Agreement between the two countries. In Morocco, he was received by King Hassan and had talks with the Moroccan Foreign Minister. In Algeria Sakkaf had talks with President Boumedienne in the presence of the Algerian Foreign Minister Boutaflika. The talks in the three countries were on bilateral issues and centered on Arab-Israeli problem.

Tunisian Minister of Information, Shazli Qulaibi, visited

-3-.....

NATIONAL ARCHIVES OF INDIA

the Kingdom in the third week of February for Umrah.

At the end of January, the Algerian Ambassador to U.K. Syed al-Akhdar Al-Ibrahim brought a special message from the Algerian President to King Faisal.

The Moroccan Minister of Social Welfare, Arsalan Al-Jadidi, visited Saudi Arabia in the end of January and was received by the King.

7. Egypt: Egyptian Minister of Endowments, Dr.Abdul Halim Mahmoud, came to perform Haj and was received at the airport by the Minister and Deputy Minister of Haj. Egyptian Minister of Education, Dr.Ali Abdul Razak also performed Haj this year. Both had an audience with the King.

Sayed Omar Sakkaf went to Cairo as the leader of Saudi Delegation to the Arab Defence and Foreign Ministers' Conference held in the end of January. He was also received by President Sadat to whom he delivered a letter from King Faisal. In an exclusive interview to Al-Akhbar, Omar Sakkaf affirmed that the Kingdom places all its political, economic and military potential for the Arab cause against Israel. He added that Saudi Arabia's support to Egypt was unlimited.

8. Syria: Syrian Deputy Prime Minister Syed Mohd.Haider visited Saudi Arabia from 21st January. He was received by the King and had talks with Omar Sakkaf. The Syrian Vice-Premier held a press conference in which he said that his visit was to inform Saudi Arabia of the recent Israeli attacks on Syria. He added that his country has put no restrictions on the Commando movement; rather the movement carries out its activities in coordination with Syrian Army. As a result of the Syrian approach, Saudi Government offered an aid amounting to £10 million Sterling in cash aid. Saudi Arabia has also decided to raise its representation in Syria to the level of Ambassador. Syrian Deputy-Premier and Foreign Minister Abdul Halim Khaddam had a brief stopover at Jeddah airport on the 14th February on his way back home from Yemen and had talks with Omar Sakkaf.

9. Jordan: Prince Sultan bin Abdul Aziz, Saudi Minister of Defence, paid a four-day official visit to Jordan from 20th January 1973 and visited the Saudi Army stationed in Jordan. He had an audience with King Hussain with whom he discussed Arab-Israeli problem with special reference to the Commando activities. Prince Sultan reaffirmed Saudi support for Jordan "which faces the largest ceasefire line with the enemy".

10. Kuwait: Sheikh Sa'ad Abdullah Al-Salem Al-Sabah,Kuwaiti Minister of Defence and Interior and Sayed Abdul Aziz Abdullah Al-Sarawi, Kuwaiti Minister of Posts and Telephones, came to perform Haj. They had an audience with the King.

11. Yemen: Yemeni Foreign Minister, Mohd.Ahmad No'man stopped over in Jeddah on his way to Beirut and had talks with Omar Sakkaf on 25th January 1973. He is understood to have stressed for additional Saudi financial support for Yemen. It may be worthwhile to mention that Saudi assistance to Yemen during the past 15 months amounted to 300 million Saudi Riyals.

12. Libya: The Saudi Royal Court came out with the denunciation in strongest terms on the downing of the Libyan airliner and called it treacherous aggression resulting in the death of innocent people. The incident was considered 'Israeli contempt for all human values'.

-4-.....

NATIONAL ARCHIVES OF INDIA

13. U.K.: Prince Fahed bin Abdul Aziz, Deputy Premier and Minister of Interior, paid a visit to U.K. from 24th January 1973, and is still abroad. Though the visit was termed as private, the Saudi Deputy Foreign Minister Ibrahim Masoud in a statement to the Saudi press said that the visit will strengthen bilateral relations and cement the Anglo-Arab relations. Prince Fahed met the British Foreign Secretary and had also lunch with him. At the lunch given by the Lord Mayor of London in his honour, Prince Fahed expressed hope that the relations between Britain and Saudi Arabia could be strengthened specially in the fields of economy and trade. Prince Fahed also met the British Premier and discussed the Middle East situation. He also had talks with the British Defence Minister Lord Carrington.

A British Warship "Antrim" called at Jeddah seaport and the Commander of the ship was received by Prince Fawaz bin Abdul Aziz, Governor of Mecca.

14. Italy: The Italian Foreign Minister Medici paid a four-day official visit to the Kingdom from 4th February 1973. Medici had talks with Omar Sakkaf and was received in audience by the King. The two Foreign Ministers signed cultural, scientific and technical cooperation agreement between the two countries. Omar Sakkaf said in a statement to the press that the visit will strengthen bilateral relations in all fields specially in trade and technology.

15. Other visitors: Malaysian Education Minister Dawood Husain bin Awn, Guinean Minister of Agriculture Syed Alfa Bakr Bari, Indonesian Minister of Interior and the Bahraini Prime Minister Khalif bin Salman were the other important visitors to Saudi Arabia.

16. Saudi Assistance: The following aid was announced during the period:

(i) US $100,000 for Ugandan Cultural Centre;

(ii) 60 million African Francs for Islamic College in Dakar (Senegal);

(iii) 16.75 million Saudi Riyals for a Mosque and schools in Chad; and

(iv) 50,000 Syrian Liras for Islamic Association in Aleppo (Syria).

17. Indian Sub-Continent: India: This year, for the first time, the Haj Delegation was led by a Minister, Shri Mohd.Shafi Qureshi and included another dynamic personality in Shri Farookh Maricar, Chief Minister of Pondicherry. The delegation met important Saudis including Ministers and had an audience with the King. They discussed Indo-Saudi relations with King Faisal. Shri Jafar Sharif, MP., Shri Sulaiman Sait, MP., Maulana Asad Madani, MP., Shri Hashim, MP., and Shri Yunus Salim, ex-Deputy Minister, were the other important Indian personalities who came for Haj this year. Shri Abdur Rahman Bafaki Thangal, President, All-India Muslim League, was another important Indian who came to perform Haj, but a week after the performance of Haj, he passed away in Mecca.

I.N.S. MYSORE paid a three-day call on Jeddah seaport in the first week of February. MYSORE was the first Indian warship to call on a Saudi seaport after twenty years. Its visit was a great success and Prince Ahmed bin Abdul Aziz, Deputy Governor of Mecca was among the important personalities who attended the

-5-.....

NATIONAL ARCHIVES OF INDIA

Reception on the Decks of MYSORE. The Admiral was received by Prince Turki bin Abdul Aziz, Deputy Governor - both King Faisal's younger brothers. Receptions were also given by the Ambassador and the Indian Community in Jeddah.

18. Pakistan: Pakistan sent 80,000 pilgrims this year for Haj and thus had a record increase of 400%. The pilgrims were, however, sent like sheep and cattle in the ships and were given meagre amount of foreign exchange which resulted in a bad name for Pakistan in Saudi Arabia and among the Muslim world though it ~~might~~ may have affected favourably President Bhutto's image in his own country. Pakistan's Haj Delegation was led by Mr.Kausar Niazi Pakistani Minister of Information and Haj Affairs.

Genl.Qamar Ali Mirza of Pakistan Army visited Jeddah and called on Deputy Foreign Minister, Sheikh Ibrahim Masoud and Prince Turki bin Abdul Aziz, Deputy Defence Minister. In an exclusive interview to the pro-Pakistan Al-Madina, Genl.Mirza, who was termed as Chairman of Pakistani Prisoners of War Committee, said that 90,000 Pakistani detainees in 52 Indian camps were having "beastly treatment which was incompatible with all principles and human conventions and lacking in the basic principles of justice." The Pakistani General praised the Kingdom and said that Saudi Arabia had done a lot for Pakistan, more than expectations, offered Pakistan "moral and material aid beyond its means" and that Pakistan was more than grateful for Saudi support.

19. Diplomatic: Mr.Mohd.Naeem Yunus, the new Afghan Ambassador presented his credentials on the 2nd January 1973 and Syed Mohd. Othman, new Ethopian Ambassador presented his credentials on the 30th of January 1973. Dr.Ahmed Midhat Al-Bitar, Syrian Ambassador left Jeddah on completion of his assignment.

PRESS, CULTURAL AND MISCELLANEOUS

20. During January when the Haj Congregation took place at Arafat near Mecca and lakhs of people of different nationalities and VIPs from various countries visited the Kingdom, the Press devoted to Haj news mainly and dealt with no controversial matters. This was despite the presence of Pakistani Minister of Information and Haj Affairs, Maulana Kausar Niazi and his press retinue. Not only that no anti-India material appeared in this period but the press gave coverage to very many news items of Indian interest including appointment of General Maneckshaw as the first of India's Five-Star Field Marshal, visit of the Government of India's official delegation to Haj this year led by Shri Mohd.Shafi Qureshi, Union Deputy Minister for Railways and his subsequent visit to Baghdad for negotiations on bilateral co-operation with Iraqi Railways, King Faisal's greetings to President of India, Shri V.V. Giri, on the occasion of the Republic Day and the function held in Jeddah on this occasion. This Embassy, with the help of the sister-Missions in Beirut and Cairo broughtout Special Haj issues of Arabic periodicals 'Al-Hind' and 'Sautal Hind' with articles suitable for the occasion. 2000 copies of the former and 4000 copies of the latter were discreetly distributed in view of local ban on the distribution of any kind of publicity material during the Haj period by any mission whosoever.

21. In the beginning of February 1973, all the newspapers gave varying degrees of cooperation in covering the visit of INS Mysore to Jeddah waters. While usually only a scanty coverage is given to such Naval visits from other countries, all newspapers except perhaps daily Al-Medina of Jeddah gave favourable coverage to the visit of the flag ship of our Western Fleet.

-6-.....

NATIONAL ARCHIVES OF INDIA

22. February newspapers however carried coverage on the issue of Pakistani war-prisoners detained in India. The papers like daily al-Medina, weekly Al-Yamamah of Riyadh and 'Akhbarul Alam-el-Islami' a weekly organ of Rabitatul Alam-el-Islami (World Muslim League) of Mecca, published articles and features narrating 'afflictions of Pak POWs by India'. It was noticed that the grist to the propaganda mill was chiefly provided by the selected passage from ICCR's memoranda to India and Pakistan. The visit of the Pakistani General, Qausar Ali Mirza, Chairman of POWs Committee to Saudi Arabia again brought out this issue and caused publication of articles in favour of their release. The Pak General in an interview with daily Al-Medina narrated the 'stories of (socalled) ill-treatments meted out to Pak POWs by India. The mission countered this propaganda by issuing news bulletins and writing letters to editors of more rabid papers like Akhbarul Alam-el-Islami, etc.

23. On 26th February, a Saudi press delegation led by Mr.Ziad Khoja, Director of Public Relations in the Ministry of Information, left for Karachi for a visit to Pakistan at the invitation of the Pak Ministry of Information. The delegation included Ahmed Mahmoud of Al-Medina, Rashed Fahed al-Rashed of the daily Al-Jazira of Dammam and Fayez Husain of Al-Nadva.

24. Daily Okaz carried detailed reports of the interviews of Shri Mohd.Shafi Qureshi, Deputy Minister of Railways and Shri Abu Yusuf, M.L.C. Andhra Pradesh, on issues of mutual Indo-Saudi interest.

(T.T.P. ABDULLAH)
Ambassador of India.

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NATIONAL ARCHIVES OF INDIA

(2)

7

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M.E.A. (Historical Division)
Dy No. 1843 R & I/73
Date 27/3

SECRET

Embassy of India
Jeddah

No.JED/101/27/P/73 16.3.1973

J/9

Political Report for January & February 1973

Part II ..... Economic

This year's Haj fell in January. During such periods the Government machinery is so much geared to the arrangements for Haj that hardly any other activity intrudes itself into the forefront. However, Saudi shopkeepers do have brisk business in selling their goods to the thousands of Hajis.

INTERNAL ECONOMIC DEVELOPMENT:

Oil Production:

2. It was announced in January 1973 that oil production in the Kingdom by ARAMCO (Arabian American Oil Company) touched an all-time record of two billion barrels within one calendar year of 1972. ARAMCO production has been consistently growing and in September 1972 it touched the 6-million-barrel daily average mark.

New Industrial Plants Licenced:

3. The Ministry of Commerce and Industry of the Saudi Government has issued licences for the establishment of the following new industrial plants in the country:

i) A S.Rls.2,462,000 plant for the manufacture of hygienic towels, napkins and other sanitary paper in Jeddah.

ii) A. S.Rls.2.5 million plant for the manufacture of pressurised wooden boards from teak wood in Riyadh.

iii) A plant for the manufacture of motor vehicle radiators in Riyadh with a capital of S.Rls. 647,671.

iv) A plant for the manufacture of house-hold furniture in Dammam with a capital of S.Rls.224,700.

v) A dairy plant in Riyadh with a capital of S.Rls.13,674.

Cement Industry:

4. The three cement manufacturing companies in the country have formed a Corporation with a capital of S.Rls.600,000 for undertaking scientific research and economic studies aiming at the development of the cement industry and the marketing of its products, in addition to undertaking the manufacture of products based on cement and those necessary for its manufacture and packing. The company also intends to carry out feasibility studies for the making of spare parts required by the plants of the three companies to ensure self-sufficiency in this field in the future. The three cement companies which are sharing the capital are: i) The Arab Cement Company Ltd., Jeddah; II ii) The Yamama Cement Company, Riyadh and iii) The Saudi Cement Company, Dammam.

.../2

NATIONAL ARCHIVES OF INDIA

Mecca Sewage Network:

5. The Saudi Government has signed an agreement with the Saudi Research & Development Corporation, Jeddah for implementing the minor sewage network and house connections in Mecca at a cost of S.Rls.90 million.

Al-Khobar-Dammam Utility Networks:

6. The Saudi Vice Minister of Interior signed a contract with the US firm, Metcalf & Eddy, in collaboration with the Lebanese concern, Consolidated Engineering Co., for providing advisory services and preparing designs and making preliminary and final studies for the expansion of the sewage and potable water networks in Dammam and Alkhobar in the Eastern Province and undertaking the preliminary study for the rain water drainage projects of the two towns. The total cost of the contract will come to about S.Rls.1.7 million.

Inauguration of Jeddah Seaport:

7. Jeddah is the most important Seaport on the western coast of Saudi Arabia. For the last few years, the Government has been expanding the port facilities, rather converting it into a new port altogether. After completion of the extension job, the port was inaugurated by King Faisal on 31.1.73. The port now has ten new berths and increased transit and warehousing facilities, new signal tower, latest type of cranes etc. Statistical information about the port is given below:

i) Total cost of the project: S.Rls.273.5 million
ii) Maximum annual receiving capacity: 2,000,000 tons.
iii) No. of ships calling at port per year: 1200-1300.

iv) No. of passengers disembarking per year, mostly pilgrims: 150,000

v) No. of cattle imported through the port per year: 1,500,000

vi) No. of barges and capacity: 27 - 8000 tons.

vii) Other shipping lines have barges of total capacity of 20,000 tons.

viii) The port has two tugs namely 'Riyadh' - 600 h.p. and 'Al-Aman' - 1100 h.p.

ix) Privately owned storage for pettoleum and fuel oil is available which is connected with a pipe line to the Oil Mooring in the Port. Fuel oil can be supplied by barges.

x) A small cold storage room of 65 cu.m. has been constructed in the Transit Shed No.5 for placing medicines and other such commodities, needing cold storage till delivered.

Saudi Riyal unchanged on Dollar Devaluation:

8. The Saudi Council of Ministers has decided to maintain the Riyal parity with gold and to revalue the Riyal against the dollar by 10 percent. Accordingly, the new exchange rate of the US dollar stands at S.Rls.3.73.

.../3

NATIONAL ARCHIVES OF INDIA

SECRET

Housing Project:

9. The Saudi Ministry of State for Finance and National Economy has announced that the tender for the implementation of the first stage of the housing project will be advertised within the next two months. The project calls for the construction of 2,500 housing units each in Riyadh, Jeddah, Dammam and Al-Khobar. The houses will be distributed to low income groups whose monthly salaries range between S.Rls.300 to 1000.

Hydrographic Survey for Ports:

10. The Ministry of Communications is planning a hydrographic survey for the entrances of Jeddah, Dammam and Yanbo ports. Invitations have been extended by the Ministry to a number of international firms specialized in this field to present their offers for undertaking these operations.

11. The following contracts were also awarded during the months under review:

i) The Saudi Government has awarded to a Saudi firm a contract for the construction of the Yanbo-Umluj road at a cost of S.Rls. 67.2 million.

ii) The British firm of Leonard Fairclough has been awarded the contract for the construction of runways taxiwaying and parking areas and the installation of airfield lighting for Ha'il airport at a cost of S.Rls.11.5 million.

iii) A contract has been awarded to a national firm for undertaking the asphalting of streets, construction of pavements and lighting of streets in Jeddah at a cost of S.Rls.11.2 million.

iv) The Saudi Government has allocated S.Rls.7 million to the Grain Silos and Flour Mills Corporation for implementing the grain silos and flour mills project.

v) A Saudi firm has been awarded a contract for the asphalting of streets and construction of pavements in Mecca at a cost of S.Rls.4.6 million.

EXTERNAL ECONOMIC RELATIONS:

Governor of World Bank:

12. The Governor of the World Bank for Reconstruction and Development Mr. Robert McNamara accompanied by his deputy Dr. Mohd. Shuaib visited Saudi Arabia during the month of February. The Governor had discussions with the Saudi Government on the development projects of the Kingdom that have been and are being implemented. The Saudi Government has been participating actively in the purchase of World Bank Bonds and it is expected that Saudi investment in the World Bank will be further increased in future. The Saudi Govt. has not been borrowing money from the World Bank for its development projects. The main help which Saudi Arabia receives from the Bank is regarding proper evaluation of reports regarding its development projects such as in the Transport and Communications sector. This sort of help is likely to increase in future.

Saudi-Sudanese Talks on Cable Projects:

13. A meeting between the Saudi and the Sudanese teams took place during the month of January to discuss the projected submarine cable that would link Jeddah with Port Sudan. Negotiations on this project have been going on between the two Governments. It was announced by the Deputy Minister of Communications that a joint Saudi-Sudanese committee has been established to supervise

.../4

NATIONAL ARCHIVES OF INDIA

the task of implementing the Jeddah-Port Sudan submarine project to link the Kingdom with Sudan and other African countries. The said Committee also will select the consulting engineering firm which would be assigned the job of preparing studies and designs of the project.

Co-Axial Cable Project between Dammam and Kuwait:

14. A Kuwaiti delegation headed by the Kuwaiti Minister of P.T.T. Abdul Aziz Abdullah Al-Sar'a.wi paid a visit to the Kingdom during January and had talks with the Saudi Government on the project which is envisaged to link Kuwait with Dammam by coaxial cable. At the conclusion of the meetings it was announced that "the discussions centred in particular on reviewing the technical specifications prepared by a consultant engineering firm for the project. This review has now been completed and the specifications are considered complete and ready for international tender."

FAO Director visits Saudi Arabia:

15. The Director of the Food and Agriculture Organisation of the United Nations Dr. Borma visited the Kingdom during February and discussed with the Saudi Government various aspects of cooperation between FAO and the Kingdom in the agricultural development. FAO is assisting the Kingdom in several projects such as the Wadi Jizan project and the Centre for Training on Agricultural machinery.

Finnish Trade Delegation:

16. A 13-man trade delegation from Finland led by Mr. Pentti Uusivirta, Envoy Extraordinary and Minister Plenipotentiary in the Finnish Foreign Ministry visited the Kingdom during the month of February and held talks with Saudi officials and businessmen on the ways and means for promoting trade exchange and cooperation between the two countries. They represented a variety of interests particularly those engaged in construction enterprises, oil interests, forest industries, minerals, manufactures of machinery etc. and were interested in widening the scope of commercial relations between Finland and Saudi Arabia. Finland's imports of Saudi crude oil in 1972 were to the tune of S.Rls.24 million whereas its exports to the Kingdom stood at S.Rls.6.6 million in the same year. Negotiations are underway for the signing of an agreement shortly for the import of Saudi crude oil for a five-year period. A number of Finnish concerns have taken part in the construction, implementation and supervision of a number of projects in Saudi Arabia such as the Riyadh potable water project. A contract will be signed by Petromin with Finnish firms for advisory services in the field of iron ore processing and treatment.

Participation in International Fairs:

17. Saudi Government has decided to participate in the 16th session of Tunis International Fair to be held between May 25 and June 10, 1973. The Saudi pavillion at the said Fair will display various aspects of Saudi Arabia's development and progress. The Saudi Government has also decided to participate in the international fairs of Cairo, Casablanca, Barcelona, Damascus and Izmir.

Indo-Saudi Relations:

18. Shri B. H. Raval, Managing Director, Gujarat Export Corporation Ltd. visited Saudi Arabia during February and was successful in booking an order for diesel engines valued at Rs.5 million. In addition he also booked some orders for steel tubes, centrifugal pumps etc.

The report issues with the approval of Ambassador.

(M. M. Husain)
First Secretary (Commercial)

NATIONAL ARCHIVES INDIA

M E A (Historical Division)
Dy No. 2542 R & I/73
Date 28/4/73

Copy No. 4.

SECRET

EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73.

24th April 1973.

POLITICAL REPORT FOR THE MONTH OF MARCH 1973

PART-I - POLITICAL

SUMMARY

Saudi efforts to strengthen its position and the leadership of King Faisal in the Arab world continued during the month - King Faisal's shrewdness and Saudi financial help to other countries being main foundations of this policy. The Prime Minister of Yemen Qadhi Abdullah Al-Hajri, visited Saudi Arabia for a week and promising adherence to Islamic laws in the present and future United Yemen, obtained financial and material aid from Saudis. Lebanese President Suleiman Franjieh paid a five-day official visit and got a promise to expedite the execution of joint oil refinery project in Lebanon. Jordanian Prime Minister Ahmad Al-Lowzi also came, informed King Faisal on the outcome of King Hussain's visit to Washington and obtained the confirmation of the already confirmed support of the big brother. Other visitors to the Kingdom during the month were Hassan Al-Tuhaimi, President Sadat's Advisor, Mohammad Ibn Baba, Education Minister of Mauritania, Sheikh Sultan Bin Saqr Al-Qassimi, Deputy Ruler of Ras Al-Khaima and Algerian Minister of Youth and Sports Abdulla Fadhil.

2. Minister of Defence and Aviation Prince Sultan bin Abdul Aziz strengthened the Saudi relations with the Gulf States by paying a visit to Qatar, Oman and Bahrain. Minister of Interior and Deputy Premier Prince Fahed bin Abdul Aziz, who was in U.K. on a private visit, held talks with the British authorities for the supply of arms, and the Commander of the American Forces in the Middle East visited this country. Minister of State for Foreign Affairs Omar Sakkaf led a Saudi Delegation to the Islamic Foreign Ministers' Conference in Benghazi where, in addition to attending the Conference, had individual talks with the members of the delegations and on his way to Benghazi stopped-over in Cairo for discussions with President Sadat and other Egyptian officials. Minister of Communications Omar Tawfik went to Jordan and Syria.

3. Pakistani Commander-in-Chief, General Tikka Khan, was another visitor who stayed in Saudi Arabia for a week from 13th to 20th March 1973.

DOMESTIC AFFAIRS

Nothing to report.

EXTERNAL RELATIONS

4. Yemen: The Prime Minister of Yemen Arab Republic, Qadhi Abdullah Al-Hajri, paid an official visit to Saudi Arabia from 10-17 March 1973. He was accompanied by Foreign Minister Muhammad Ahmad Noman, Minister of Finance Muhammad Ahmad Al-Junaidi, Public Works Minister Abdullah Al-Su'adi, Agricultural Minister Abdul Jabbar Al-Mujahed and Chief of Staff Col.Hussein Mansouri among others. The delegation was received at the

NATIONAL ARCHIVES OF INDIA

SECRET

Riyadh Airport by Crown Prince Khaled bin Abdul Aziz, Minister of Defence Prince Sultan bin Abdul Aziz, Minister of State for Foreign Affairs Omar Sakkaf and the Army Chief of Staff General Hamad Al-Shumaimry. The delegation had an audience with King Faisal. Crown Prince Khaled bin Abdul Aziz, Defence Minister Prince Sultan bin Abdul Aziz, Governor of Riyadh Prince Salman bin Abdul Aziz, Governor of Mecca Prince Fawwaz bin Abdul Aziz and Minister of State for Foreign Affairs Omar Sakkaf had banquets and parties for the delegation. They performed Umrah in Mecca and visited the Prophet's Mosque and Tomb in Medina.

5. The two sides had detailed talks in which Saudis were represented by the Defence Minister Prince Sultan bin Abdul Aziz, Special Advisor to the King Dr.Rashad Feroun and Minister of State for Foreign Affairs Omar Sakkaf. The Ministers of Finance and the Ministers of Agriculture of the two countries held separate talks. A joint communique issued said that the talks were marked by the spirit of cordiality, brotherhood and frankness. The two sides agreed to strengthen their relations in all fields and exchange visits by their officials at different levels. The two sides upheld the steps taken to restore the unity of Yemen and simultaneously laid stress on adopting Islamic laws in the united Yemen. The press statement of Omar Sakkaf saying "we have not met here to indulge in intrigues against anyone or to fight anyone or to be stumbling bloc against any country" is significant. The Embassy of Yemen Arab Republic was quick in announcing that Saudi Arabia had taken upon itself the execution of many vital projects in Yemen. They said that 47 schools, 3 Mosques, 6 Clinics, Two fully-furnished and equipped hospitals, an Orphanage and 3 Teacher Training Centres were to be constructed by Saudis. It was also announced that many Yemeni students were studying in Saudi Arabia which is also responsible for meeting the expenditure of nearly 250 Egyptian teachers in Yemeni schools. Construction of two Roads from Jizan and Sa'ada to Saudi Arabia are also under active study of Saudi experts. According to the Yemeni Minister of Public Works & Municipalities Abdullah Al-Sa'adi, Saudi Arabia will also contribute 80 million Riyals to cover the deficit in the Yemeni Budget on quarterly basis. Knowledgeable circles believe that arms and ammunition have also been promised by Saudis and it is, perhaps, this that has created confidence in them as declared by the Yemeni Prime Minister after the talks. Saudis are not really happy over the unity proposal of the two Yemens because this unity will extend the area of Communist influence on the borders of Saudi Arabia. No Arab country can, however, oppose Arab unity in public. Hence, Saudis got an announcement from the Yemeni Prime Minister to the adherence of Islamic laws by the United Yemen. The Saudis thus achieved their objective of delaying the progressive views reaching their extended borders and the Yemenis obtained the financial and material aid from the Saudis.

6. In the end of the month, Saudis accused the Aden Government for attacking on Al-Wadiaah, the place where there had already been a conflict between the Aden and Saudi Governments some time back. Saudis claimed it was an aggression by Aden under the patronage of Russia by air attacks on the post and threatened dire consequences and retaliation while the Aden Government said that this was only a fabricated news in order to attack their country. The incident, however, remained isolated.

7. Lebanon: The President of Lebanon Sulaiman Franjieh, accompanied by Foreign Minister Khalil Abu Hamad and others, paid an official visit to Saudi Arabia from 3-8 March 1973. During the visit, the Lebanese President was in Riyadh, Dammam

NATIONAL ARCHIVES OF INDIA

and Jeddah. A joint communique issued after the talks said that President Franjieh and King Faisal conducted their talks in a spirit of cordiality, frankness and complete understanding and that the two leaders held identical views on the bilateral relations, the Arab questions and the Palestine issue. The Saudi team included Crown Prince Khaled bin Abdul Aziz, Minister of Defence Prince Sultan bin Abdul Aziz, Advisors to the King, Prince Nawaf bin Abdul Aziz and Dr.Rashad Faroun as also Omar Sakkaf, Minister of State for Foreign Affairs. The two sides agreed to expedite the execution of the joint oil refinery project in Lebanon, to set up a joint Commission under the Chairmanship of the Foreign Ministers of the two countries to hold periodical meetings, to stress the necessity of unifying Palestinian ranks, to condemn change in the appearance of the City of Jerusalem and declared their conviction that justice can only be restored in the Middle East by the speedy withdrawal from the occupied Arab territories including Jerusalem. In addition to the formal banquets and receptions, a Public Reception by the Municipality of Jeddah was an unusual feature of President Franjieh's visit.

/Finance Prince Musa'ed bin Abdul Rahman, Minister of

8. Jordan: Jordanian Prime Minister Ahmad Al-Lowzi, paid a short visit to Saudi Arabia. He arrived in Riyadh on the 14th of March along with the Court Minister, Amir Khamash, called on Crown Prince Khaled bin Abdul Aziz, had an audience with the King and left for Amman. He handed over the message from Hussain to Faisal and informed Faisal on the outcome of Hussain's visit to Washington.

Earlier, Saudi Minister of Communications Omar Tawfik, visited Amman from 6th March 1973 to discuss matters with his Jordanian counterpart on the question of Hijaz Railways. It may be recalled that Saudi Arabia, Jordan and Syria have plans to reconstruct and resume the Hijaz Railway destroyed in the First World War. During his visit, Mr.Tawfik called on the Prime Minister of Jordan Ahmad Al-Lowzi, was received in audience by King Hussain and visited the Saudi Forces stationed in Jordan.

9. Syria: Saudi Minister of Communications, Sayed Omar Tawfik, also visited Syria, in connection with the reconstruction of the Hijaz Railway and held talks with his Syrian counterpart, Omar Al-Sibai.

10. Gulf: Saudi Minister of Defence & Aviation, Prince Sultan bin Abdul Aziz, made an official round trip to the Gulf States. He started his tour from Qatar from 21st March where, on arrival, the Ruler of Qatar received him at the airport. On the 23rd, he left for Oman. During his two-day visit, in addition to the usual banquets and parties, Prince Sultan had talks with the Ruler of Qatar and other members of the Royal Family on the bilateral relations as also on the question of the area defence.

11. From Qatar, he went to Oman and was received at the Seab Airport in the morning of 23rd March by Sultan Qaboos. During his two-day visit to Oman, Prince Sultan had talks with Sultan Qaboos and witnessed military exercises and games apart from the usual formalities.

Saudi Arabia is already helping Oman in its welfare activities. Three schools have been built in Salala, Sahar and Hasab; a technical centre, a teachers' institute, a military school, a hospital and a dispensary have been built in Muscat.

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NATIONAL ARCHIVES INDIA

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Saudi Arabia is also helping in the establishment of a broadcasting station each in Muscat and Dhofar. It has already conducted a survey to find out the sources of potable water in Oman. Recently, a Saudi Ambassador has been appointed in Oman.

12. On the 25th morning, Prince Sultan went to Bahrain for a three-day official visit. Amir of Bahrain, along with the Crown Prince and the Prime Minister, received him at the airport. Here also he witnessed military exercises and had talks with the Bahraini authorities. The talks during the Gulf visit centered round primarily on the defence of the area and coordination in this regard.

The Deputy Ruler of Ras Al-Khaimah, Sheikh Sultan ibn Saqr Al-Qassimi also visited Riyadh in the end of the month.

13. Mauritania: The Education Minister of Mauritania, Sayed Muhammad Ibn Baba, paid an official visit to Saudi Arabia in the last week of March. He performed Umrah in Mecca and paid a visit to the Prophet's Mosque in Medina. He was received in audience by the King and had talks with his counterpart on the question of concluding a cultural agreement between Mauritania and Saudi Arabia.

14. Sudan: Saudi Arabia faced the situation created by the Black September Commando attacks on diplomats at the Saudi Embassy in Khartoum and subsequent events in a calm and dignified manner. The King contacted President Numeiri and on his assuring the King of his best efforts to save the situation from deteriorating, the King sent a message to President Numeiri in which he thanked him for his deep concern at the threats to which the Saudi Embassy was exposed in the attack. The King also expressed his trust to the Sudanese President and expected that he will "put an end to such threats and provocations which are detrimental to Arab causes and Arab unity of ranks". After their release, the Saudi Ambassador and the Jordanian Charge' in Sudan, both came to Saudi Arabia and the King had a first-hand report from them. Palestinian leader Yasser Arafat in a letter to the King delivered to him by the Palestinian representative in Saudi Arabia Abu Hisham, assured the King that the incident had nothing to do with the Palestine Liberation Organisation. Abu Hisham, who is also a member of Fatah, held a press conference in Riyadh and paid tributes to Saudi Arabia's staunch and continued support for the cause of Palestine and Palestinian people which he said was beyond the reach of such incidents. The Saudi Foreign Office officially contradicted Lebanese press report that the Saudi Government had decided to guard their embassies against the Commando attacks or desired to put restrictions on Palestinians in Saudi Arabia.

15. Egypt: Exchange of views and consultations between the Saudi and Egyptian authorities continued. President Sadat sent his Advisor Hasan al-Tuhaimi who met Saudi Minister of State for Foreign Affairs, Omar Sakkaf. On his way to Benghazi to attend the Islamic Foreign Ministers Conference, Omar Sakkaf stopped over in Cairo for two days and held talks with Egyptian authorities including President Sadat.

16. Algeria: Algerian Minister of Youth and Sports, Mr. Abdulla Fadhil, visited the Kingdom officially in the last week of March. He praised King Faisal's call for Islamic solidarity which he said had borne fruits throughout the Islamic world and Africa. The Algerian Minister was received in Audience by

NATIONAL ARCHIVES OF INDIA

the King and held talks with the Saudis on the question of signing a bilateral agreement of cooperation between the two countries.

17. Iraq-Kuwait: On the Iraqi-Kuwaiti border incident, Royal Court issued a statement expressing surprise over the incident between two brotherly countries -- Iraq and Kuwait hoping that the dispute would be settled by peaceful means. The King also sent a letter to the Emir of Kuwait assuring him of his support but official circles denied reports that the Saudi Minister of Defence Prince Sultan bin Abdul Aziz had made secret visit to Kuwait.

18. U.K.: As already reported last month, Prince Fahed bin Abdul Aziz, Deputy Premier and Minister of Interior, was in U.K. Though on a private visit, he had been meeting the British authorities. During the month, Prince Fahed met the British Foreign Minister Sir Alec Douglas-Home when Sir Alec's Deputy, Julian Emery was also present. Prince Fahed had already met the British Prime Minister and the Defence Minister. Prince Fahed also visited British Military Academy at Sandhurst, where he attended the Parade and had a chat with the Chief of Staff General Sir Michael Carger. He took the opportunity of meeting his son Sultan and other Saudi Cadets at Sandhurst. Prince Fahed is understood to have discussed the question of the supply of armaments to Saudi Arabia. This was confirmed by the subsequent visit of the British Defence Minister Lord Carrington to Saudi Arabia.

19. U.S.A.: The Commander of the American Forces in the Middle East visited Saudi Arabia; out of his activities only his call on the Governor of Mecca, Prince Fawaz bin Abdul Aziz, was made public.

20. Islamic Secretariat Activities: Dr.Ahmad Najjar, Director of the Economic Section of the Islamic Secretariat, went on a visit of member countries starting from Libya, Algeria, Somalia and Kuwait, in connection with the implementation of the economic resolutions passed by the Third Islamic Foreign Ministers Conference.

21. Afghanistan and Chad are understood to have ratified the Islamic Charter but the official information by the Secretariat has not yet been received. Senegal is also understood to have informed the Secretariat of its intention to ratify the Charter shortly.

22. Saudi Minister of State for Foreign Affairs Sayed Omar Sakkaf led the Saudi delegation to the Islamic Foreign Ministers Conference held in Benghazi (Libya) during the month. In a statement to the press before departure, Omar Sakkaf said that the Islamic Conference was now an established fact and ranks as the second international organisation from the point of view of the number of member countries.

23. Saudi Aid: The following aid was announced during the month:

1. Al Nouriah School in Ghana:	SR. 12,400.00
2. Islamic Sharia Association of Baghdad:	SR. 190,000.00
3. Nadwatul Ulema, Lucknow:	SR. 300,000.00

NATIONAL ARCHIVES OF INDIA

4. For construction of a hospital in Indonesia: SR. 300,000.00

5. For the purchase of a Mobile Clinic in Pakistan: SR. 235,000.00

6. For an Islamic Library in Nigeria: SR. 30,000.00

24. Indian Sub-Continent: The official attitude of Saudi Government was unchanged in regard to the recognition of Bangladesh. There has, however, been a growing feeling that Pakistan should accept the fact as soon as possible. The Islamic Foreign Ministers' Conference held in Benghazi is also understood to have advised Pakistan to accept the reality as soon as possible so that the new Muslim country could join its Islamic fold.

25. So far as India is concerned, Saudis were anxious for the early release of Pakistani POWs and no occasion was left when Saudi officials had not indicated the King's concern on the subject.

26. General Tikka Khan, Commander-in-Chief of Pakistan Army, paid a one-week visit to Saudi Arabia from 13th to 20th March 1973. He was received by the Chief of Army Staff General Hamad Shumaimry and had an audience with the King and the Crown Prince. During his stay, General Tikka Khan visited Riyadh, Jeddah and Khamis Mushayt where Pakistani training missions are stationed. He also visited Mecca and Medina. In an interview to the daily Okaz, the Pakistani General said that "King Faisal feels that what was good for Pakistan was good for Saudi Arabia" and "that the difficulties of Pakistan were the difficulties of the whole Islamic world". In view, however, of the confused political situation in Pakistan and the bad reputation the Pakistan Army had in the last conflict in Bangladesh, the visit was treated more or less in a routine manner.

PRESS, CULTURAL & MISCELLANEOUS

27. Events of local interest such as visits of President Suleiman Franjieh of Lebanon, Qadhi Abdulla Ahmed Al-Hajri, Prime Minister of North Yemen, Mr.Dino Caballo, Foreign Minister of Italy and Mauritanian Minister of Education Mr.Mohammed Diab claimed the lion's share in newspapers and radio and television reports.

The press published, however, Bhutto's declaration regarding recognition of Bangladesh after Pak Prisoners of War repatriation without trial, unrest in Baluchistan, discovery of Russian arms in North West Frontier and Iraqi mission in Islamabad, ban on Jama-at e Islami's organ Jassarat, Hindu-Muslim riot in Bombay, designation of Islam as religion of state in Pakistan, etc. There were four political commentaries in support of Pak stand on Prisoners of War.

The press published President Giri's reply to King Faisal's congratulations on Republic Day, Mr.Zayyat's visit to India, Indo-Egyptian joint communique, Indo-Bahraini cooperation on production of fertilisers, lifting of US embargo on arm supplies to the sub-continent, and India's protest thereof, etc.

Compared.

(T.T.P. ABDULLAH)
Ambassador of India

NATIONAL ARCHIVES OF INDIA

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EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73 24th April 1973.

Political Report for March 1973

Part II ..... Economic.

INTERNAL ECONOMIC DEVELOPMENTS

Oil Matters:

Saudi Minister of Petroleum and Mineral Resources Sheikh Zaki Yamani, while giving an interview to the Beirut-based Middle East Economic Survey warned the oil consuming countries of the consequences of pursuing a policy of confrontation with the oil producing countries. He said that if the oil consumers tended to adopt such a posture the moral obligation of the oil producers to raise crude production in excess of their financial and economic requirements would be disregarded. He, however, welcomed the oil consumers efforts to diversify their energy sources to lessen their dependence on Middle East oil because "such a step would decrease the moral responsibility which we feel as regards raising crude oil output without any justification." Explaining Kingdom's policy towards investments in projects outside Saudi Arabia, the Saudi Minister told the 'Survey' that such an investment would aim at facilitating the marketing of Saudi oil.

2. Tyre Retreading Plant: The Foreign Capital Investment Committee in the Ministry of Commerce and Industry has agreed to grant a licence to a Saudi-Italian joint venture for the establishment of a tire retreading plant with a capital of S.Rls. 2 million. The Italian concern, Marangoni Mechanicca will contribute 25% of the capital while the rest of the capital is to be shared by some Saudi parties.

3. Feasibility of Refrigerator Making: The Industrial Studies and Development Centre has prepared a preliminary feasibility study for the manufacture of refrigerators in the Kingdom. According to the study the Kingdom imported 28,000 refrigerators of all sizes in 1970 and 39,000 (provisional) in 1972. The Centre has recommended the establishment of a plant for the manufacture of 4000 units per year with an investment of S.Rls. 1,865,000.

4. Saudi Aluminium Mfg. Co. The Foreign Capital Investment Committee at the Ministry of Commerce and Industry has also approved the establishment of the "Saudi Aluminium Manufacturing Company" in Riyadh for making windows, doors and other works from aluminium with a capital of S.Rls. 200,000. It is a joint venture by Abdul Aziz Abdullah Al-Saleh of Saudi Arabia and Rafiq Alhaj Mousa of Lebanon.

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NATIONAL ARCHIVES OF INDIA

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5. Contract for Hospital Designs: The Saudi Minister of Health Sheikh Jamil Al-Hijailan signed a contract with the British Consultants, Wallace Evans & Partners for undertaking studies, designs and specifications of public and specialised hospitals in the Kingdom at a cost of S.Rls.4.7 million. Under the contract the British firm will draw up designs for eight public and specialised hospitals with a capacity for about 1500 beds subject to increase according to demand and also prepare designs for a health institute that can accommodate 300 trainees.

6. Uthmaniya-Riyadh Gas Pipeline: An agreement for the preparations of designs and engineering specifications of the 300-kilometer Uthmaniya-Riyadh gas pipeline was signed by Prince Sa'ad Al-Faisal, Deputy Governor of Petromin for Planning Affairs with the German firm Kraftanlagen Aktiengesellschaft, P.O.Box 1020, Heidelberg. The projected pipeline will carry about 70 million cubic feet of natural gas from the Uthmaniya oil fields to Riyadh per day. The gas will be used for industrial and domestic purposes. First stage of the project is estimated to cost about S.Rls. 100 million.

7. Industrial Establishments: According to latest figures released by the Industrial Studies and Development Centre, the number of industrial establishments in Saudi Arabia upto February 3, 1973 stood at 680. Of these 145 are engaged in the manufacture of bricks and tiles; 43 in furniture; 56 in printing and publishing; 99 in metal products; 51 in chemical products and 39 in ice and gas bottling. Other establishments are engaged in the manufacture of textiles, sweets and candy, lathe work, carpentry, leather work and gold-smithery.

8. Yanbo-Uluj Road: A S.Rls. 67.2 million contract was awarded to Safa Contracting Co. Jeddah for the construction of the 141 Km. Yanbo-Uluj road within a period of 40 months.

EXTERNAL ECONOMIC RELATIONS

9. Chinese Trade Delegation: An eleven-member trade delegation headed by Mr. K.T. Lee, the Minister of Finance from Taiwan paid a visit to the Kingdom and held talks with Saudi officials and businessmen on strengthening of trade and economic ties between Saudi Arabia and Taiwan. Members of the delegation represented a cross section of trade, economic and industrial sectors in Taiwan and also visited agricultural areas in the Kingdom where Chinese experts are engaged in rice cultivation. The delegation also explored the possibilities of stepping up Taiwan's purchases of Saudi oil.

10. Suez-Mediterranean Pipeline: A positive and fruitful meeting is reported to have taken place in Riyadh between Dr. Abdul Hadi Taher, Governor of Petromin and an Egyptian Delegation headed by Dr. Taher Amin Hassan, Deputy Board Chairman of the Egyptian Industrialisation Committee to discuss the terms of Saudi Arabia's use of the Suez-Mediterranean pipeline for the transportation of its crude oil. The next meeting is scheduled to be held in Cairo on April 16, 1973.

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NATIONAL ARCHIVES OF INDIA

SECRET

11. African Development Bank Mission: A mission headed by Mr. Abdulrahman Al-Hirzi, Vice-President of the Bank's Board of Governors, paid a visit to Saudi Arabia and held talks with Saudi officials on the possibility of cooperation between Saudi Arabia and the Bank for investment in development projects in African countries. The Saudi side was lead by Dr. Anwar Ali, Governor of Saudi Arabian Monetary Agency. Bank's headquarters is situated in Abidjan, Ivory Coast.

12. British Building Exhibition: A British Building and Construction Exhibition was inaugurated by the Governor of Mecca at Attas Oasis Hotel in Jeddah on 24th March 1973. It lasted for about a week.

13. Technical Cooperation Agreement with Italy: The Cultural and Technical Cooperation Agreement between Saudi Arabia and Italy has been ratified by the Saudi Government.

14. Holland Trade Delegation: A 17-member industrial and economic delegation from Holland paid an 11-day visit to the Kingdom and conferred with Saudi officials and businessmen on the possibility of expanding cooperation between the two countries in the economic and industrial fields.

15. Development of Agricultural Services: An agreement for technical cooperation in the fields of organisation, planning, research, guidance and training was signed with the Development Assistance Organisation which was represented by Mr. Conrad Stokey. The cost of the agreement is estimated at S.Rls. 1.8 million.

INDO-SAUDI RELATIONS

16. Visit of Indian Oil Delegation: In view of increasing demands of crude oil in India and the rising prices of oil in the world markets, the Indian Government wanted to send an official team from the Ministry of Petroleum and Chemicals to Saudi Arabia to have discussions on oil matters. The matter was taken up with the Saudi Government who agreed to receive the Indian team in the end of March. But to delayed confirmation of the dates of the visit by the Saudi Government, the visit had to be postponed. However, the Ambassador held preliminary discussions with Governor of Petromin, H.E. Dr. Abdul Hadi Taher in Riyadh on 26th March 1973 as scheduled. The visit will now take place on 5th May 1973.

17. Study-cum-Sales Team: A study-cum-sales team of the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council, Bombay comprising of Sarvshree K.N. Parab (representing the Council), Dr. V.A. Padval (Biological Evans Ltd., Bombay), I.A. Modi (Cadila Labs. Ahmedabad), B.B. Bagalkote (Dai-Ichi Karkaria P. Ltd., Bombay), visited the Kingdom from 23rd March to 28th March 1973 and held talks with Saudi officials and businessmen on the possibilities of increasing their exports to the Kingdom. The Team found good possibilities of increasing the trade and field of collaboration in the items represented by them.

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NATIONAL ARCHIVES OF INDIA

SECRET

18. Inauguration of Indian Handicrafts Centre: A Saudi businessman of Indian origin who already had a big showroom of Indian handicraft in Al-Khobar (Eastern Province) opened a branch of his establishment in Jeddah. The inauguration ceremony was performed by the Ambassador Shri T.T.P. Abdullah, on 22nd March 1973.

19. Export of Glasswares from India: A representative of Alembic Glass Works, Baroda visited Jeddah during the month and bagged orders for the supply of glasswares to Saudi Arabia for £ 30,000 against stiff competition from Japan and other Western countries. More orders are likely to be placed on the Indian firm. This is a new item of exports from India to Saudi Arabia.

20. Supply of Chlorine from India: A contract has been signed between Century Chemicals, Bombay and the Middle East Economic and Development Corporation, Jeddah, for the supply of liquid chlorine from India for the Jeddah Desalination Plant. The contract has been concluded through the good offices of International Ore & Fertilizer (India) Private Ltd., New Delhi. The Embassy also played a significant role in ensuring the conclusion of this agreement. Initially the contract has been signed for the supply of chlorine valued at US$ 35,000/-.

21. Export of Steel Containers: M/s. Steel Containers, Bombay are reported to have received an order for the supply of about 35,000 steel barrels to Petrolube, Jeddah during 1973 at a cost of about US$ 8.00 per barrel.

The report issues with the approval of Ambassador.

M. M. Husain

(M. M. Husain)
First Secretary (Commercial)

NATIONAL ARCHIVES OF INDIA

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EMBASSY OF INDIA
JEDDAH

I.E.A (Historical Division)
Dy No. 32-87 R & I/73
Date 8/6/73

No. JED/101/27/P/73 24th May 1973

JED/101/27/P/73

J/9

Political Report for the month of April 1973

Part II ..... Economic

INTERNAL ECONOMIC DEVELOPMENTS

Development Plan Allocations:

In a statement to the Saudi News Agency, the Minister of State and President of the Central Planning Organisation Sheikh Hisham Nazer said that actual allocations during the first three years of the plan amounted to Saudi Riyals 31 billion or an increase of S.Rls. 8 billion over the projected allocations of S.Rls.23 billion. The Minister declared that the substantial rise in appropriations for Government expenditure was intended to speed up progress of the country in view of the sizable increase in oil revenues. It is obvious that funds to be spent under the five-year development plan will exceed the originally conceived amount of S.Rls. 41 billion.

Oil Production:

2. The Kingdom's oil output produced by the three oil companies in the country in March 1973 amounted to 7,483,050 barrels a day compared to 5,682,300 barrels per day during March 1972 or up by 31.7 per cent. The daily production of crude oil during the first quarter of this year averaged at 7,184,130 barrels, a rise of 27.7 per cent over the same period last year.

Money Supply in Saudi Arabia:

3. During the fiscal year 1391-92 AH (1971-72), the money supply increased by S.Rls.639.5 million from S.Rls.2,258.6 million in 1971 to S.Rls. 3,226.00 million in 1972 registering a rate of growth of 24.7 per cent.

Office Pins & Clips Plant:

4. The Industrial Studies and Development Centre has released a pre-feasibility study for the manufacture of office pins, clips and staples. The study revealed that Saudi Arabia's consumption of pins, clips and staples in 1971 amounted to 60 tons, 30 tons of which were clips, 12 tons staples and 18 tons pins. The Centre explored the possibility of establishing a plant with a capacity of 33 tons of these items at an investment of S.Rls.242,870.

Abha-Souda Road Construction:

5. An agreement was signed last month by the Minister of Communications Sheikh Muhammad Omar Tawfik with Ibn Laden

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NATIONAL ARCHIVES OF INDIA

SECRET

Establishment for undertaking the construction of the 24-km road between Abha and Souda at a cost of S.Rls.16 million. The road is to be completed in 18 months.

Bridge Works Contract:

6. Ibn Laden Establishment has been awarded a contract by the Ministry of Communications forthe supply and installation of steel works for the construction of bridges as part of Section 6 of the Taif-Jizan highway. Cost of the constract is S.Rls.5.4 million.

Zainal for Industries Formed:

7. A limited partnership under the name of "Zainal for Industries: Muhammad Ahmad Yousef Zainal Alireza" has been established by four sons of Ahmad Yousef Zainal with a capital of one million Riyals. Purpose of the new company is to trade in industrial goods and products, import and export various goods and products, participate in public tenders, undertake industrial projects, carry out civil, mechanical, electrical engineering and telecommunications projects, deal in real estate, trade in stocks, undertake feasibility studies for commercial, industrial and engineering enterprises, and act as agents for foreign companies.

Discovery of Phosphate:

8. It is reported that large quantities of phosphates have been discovered in Turaif and Skaka areas in addition to the discovery of old gold mines in Najd and silver mines in Samra regions.

Achievements of Applied Geology:

9. A meeting was held on the 19th April 1973 between a number of Saudi officials connected with the applied geology and the Regional Representative of the United Nations Development Programme in the Kingdom to review the achievements of the Centre of Applied Geology in Jeddah since it was established in 1970. During the meeting agreement was reached on extending the period for providing technical assistance to the Centre by the Development Programme of the U.N. in collaboration with the Ministry of Petroleum and Mineral Resources.

ARAMCO Board Meeting:

10. Saudi Petroleum & Mineral Resources Minister Sheikh Zaki Yamani proceeded to New York and attended Aramco's Board of Directors meeting on 5th April 1973. This was the first meeting after the signing of participation agreement. He was accompanied by HRH Prince Saud Al-Faisal, the Deputy Minister of Petroleum and Mineral Resources and Dr. Abdul Hadi Hassan Taher, the Governor of Petromin.

EXTERNAL ECONOMIC RELATIONS

11. Aid to Yemen Arab Republic: It has been reported that Saudi Arabia's aid to the Yemen Arab Republic in the form of projects sponsored by Saudi Arabia during the last five years exceeded S.Rls.70 million. About S.Rls.22 million

.../3

NATIONAL ARCHIVES OF INDIA

have been allocated for projects in Yemen this year and that this sum will be used for the building of schools, hospitals, clinics, mosques and orphanages.

US Medical Trade Mission:

12. A United States Trade Mission headed by Mr. James Lefauver, Head of the American Regional Bureau for Trade Promotion visited the Kingdom and held talks with Saudi officials engaged in the health services.

International Geological Coordination Council:

13. It has been reported that UNESCO and the International Federation for Geological Sciences have selected Dr. Fadhel Qabbani, Deputy Minister of Petroleum and Mineral Resources as a member of the Board of the International Geological Coordination Council on account of his qualifications and long experience in the field of international cooperation.

Civil Aviation:

14. A Saudi Civil Aviation delegation headed by Sheikh Abdullah Mahdi, the Director of Civil Aviation visited Tunisia during the month and held talks on the amendment of the protocol of the bilateral aerial transport agreement between the two countries. The Director said that the amendment gave Saudia full transport rights between the Kingdom and Beirut-Tripoli-Algerie and Morrocco via Tunis.

Commerce Minister visits Morocco:

15. The Saudi Minister of Commerce Sheikh Muhammad Al-Awadhi visited Morocco and Taiwan during the month and held talks with his counterparts on the promotion of economic ties with these countries.

Saudi Delegation visits Qatar:

16. A Saudi delegation headed by Sheikh Muhammad Aba Al-Khail, the Minister of State for Finance and National Economy visited Qatar during the month. The purpose of the visit was to strengthen economic cooperation and organising trade exchange between the two countries.

Irish Trade Delegation:

17. A fifteen-man trade delegation headed by Mr. G. Davy, Director of the Middle East Section at the Irish Export Board visited the Kingdom and held talks with Saudi officials and businessmen for promoting cooperation between the two countries in the industrial field and stepping up Irish exports to Saudi Arabia.

INDO-SAUDI RELATIONS

18. The Air Agreement concluded between India and Saudi Arabia was formally signed in the Saudi Ministry of Foreign Affairs on April 26, 1973. The Ambassador signed the agreement on behalf of the Government of India while the Saudi Dy. Minister Sheikh Ibrahim Masoud represented Saudi Arabia.

.../4

NATIONAL ARCHIVES OF INDIA

19. Mr. Prem Prakash, Regional Representative of the State Bank of India in Beirut visited Jeddah on the 10th and 11th April with a view to establishing contacts with the Saudi Arabian Monetary Agency and other important banks in the Kingdom. In his talks with the Saudi Arabian Monetry Agency, he explored the possibility of (i) SAMA investing in India and the State Bank of India and (ii) the opening of a branch of the State Bank of India in Saudi Arabia. The reply regarding (ii) was not encouraging as it is against the policy of the Saudi Government to add to the number of foreign banks operating in the Kingdom. The concerned banks however promised to consider the possibility of their investing in India and the State Bank of India.

The report issues with the approval of Ambassador.

M. M. Husain

(M. M. Husain)
First Secretary (Commercial)

NATIONAL ARCHIVES OF INDIA

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SECRET

EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73.

22nd June 1973.

E A (Historical Division)
No. 4207 R & I/73
28/7/73

POLITICAL REPORT FOR THE MONTHS
OF APRIL & MAY 1973

PART-I - POLITICAL

SUMMARY

No significant internal development took place during the period under report. However, in the external field, King Faisal and his Government were busy in the consolidation of unity among Arab and African countries on the one hand and improving relations with some of the Western powers like France and U.K. on the other. The most important event of the period has been the official visit of King Faisal to France and Egypt. It is reported that during his stay in France, besides having political talks with French leaders, the King also discussed about the purchase of military hardware, specially Mirage Fighters for his country. The speculations have already started that these Mirage aircrafts will be transferred to Egypt. The local press gave wide publicity to the reported success achieved by the King during his visit to France. The Saudi Minister of State for Foreign Affairs, Omar Sakkaf, also paid a visit to Yemen, Egypt, Argentine and Brazil. Besides, the other important Saudi dignitaries who visited foreign countries were: Sheikh Muhammad Abal-Khail, Saudi Minister of State for Financial and National Economy Affairs, Lt.General Muhammad Al-Tayeb Al-Tunisi, Director of Public Security to Qatar and Petroleum Minister Zaki Yamani to USA.

Important dignitaries to visit Saudi Arabia were Chad President Tombalbaye, The Emir of Qatar Sheikh Khalifah bin Hamad Al-Thani, Prince Abdulla of Morocco, Egyptian President Sadat's Advisor Sayed Hassan Al-Tuhami, Lt.General Ahmad Ismail Ali Egyptian War Minister, Foreign Minister of Mauritania Sayed Hamdi Wald Maknass, Lord Carrington British Defence Secretary and others.

DOMESTIC AFFAIRS

Nothing to report.

EXTERNAL RELATIONS

2. King Faisal's visit to Egypt and France: H.M.King Faisal went to Egypt on a two-day private visit from 12-14 May 1973. On arrival in Cairo the King was welcomed by President Sadat and other high officials. The two leaders discussed matters concerning Middle East and bilateral relations between the two countries. President Sadat hosted a dinner banquet in honour of King Faisal and the delegation.

3. King Faisal's State Visit to France (14-18 May 1973) was the first of its kind by a Saudi monarch. He was accompanied by Minister of Defence Prince Sultan bin Abdul Aziz, his Special Counsellor Prince Nawaf bin Abdul Aziz, his Private Counsellor Dr.Rashad Faroun, Chief of the Private Cabinet Sheikh Muhammad Al-Nuwaisser and Head of Royal Protocol Sheikh Ahmad Abdul Wahab. On arrival, King Faisal and the accompanying delegation were received by President Pompidou, senior French Government civil and military officials and others. In a welcome speech at Elysee Palace, President Pompidou hailed

NATIONAL ARCHIVES OF INDIA

26

King Faisal's policies particularly the methods adopted on the question of Middle East and said that it was a great honour for him to receive King Faisal. King Faisal, reminded the audience of the relations which bring Saudi Arabia and France closer and said he would welcome "the efforts which Your Excellency exert in bringing about a settlement to the Middle East problems...". The two leaders then exchanged the presenta- of medals of the highest order. King Faisal received 20 members of the Arab-French Press League whom he warned against Zionism and Communism who were not cooperating French attempts of friendship with the Arabs. On a suggestion, he agreed that a delegation of Saudi "Ulemas" would visit France next April.

In a special statement to the Saudi Press Agency, President Pompidou said the visit marks the strong ties of friendship between the two countries and "under the present circumstances in which the Middle East is facing a serious crisis France and Saudi Arabia made every effort" to arrive at solutions of lasting peace. On the 14th May, President Pompidou held a dinner banquet at the Trianon Palace at Versailles in honour of the King.

King Faisal also met members of the Franco-Arab Friendship Society, during the visit, who expressed admiration for the advancement attained by the Kingdom. After this, the King went to Paris and attended a party held by Municipal Council. In his reply speech, King Faisal thanked the Lady Mayor of Paris for the warm hospitality extended to him and said "it is our duty to foil the attempts of the aggressors from reaping the fruits of aggression." His Majesty then attended the luncheon banquet hosted by Municipal Council in his honour.

On the 15th May, a meeting was held between the two Heads of State. An official spokesman of the Elysee Palace told Saudi Press Agency after the meeting that bilateral relations and the possibility of increasing cooperation between France and Saudi Arabia in various fields were discussed at the meeting.

Prince Sultan bin Abdul Aziz, the Saudi Defence Minister and his French counterpart separately discussed the question of defence cooperation. It was announced that French Defence Minister will visit Saudi Arabia next September. Middle East question was also one of the topics discussed at the meeting. The King also attended a Reception given by the Saudi Ambassador in France. The reception was attended by Diplomatic Community and various dignitaries in and outside French government.

Referring to his earlier visit to Saudi Arabia, when he was Defence Minister of his country, Premier Messmer in a statement to Saudi Press Agency praised the Kingdom's development and said "cooperation between the two countries is relatively recent, but historical ties between them have been strong..." On the Middle East question, the French Premier said that France's policy in this connection was defined by General de Gaulle and that there is no intention to change it. In the evening of 16th May, the King received members of Arab and French community from different walks of life.

King Faisal and President Pompidou had a closed-door meeting on 17th May. Subjects such as bilateral economic cooperation, situation in the Middle-East, Arab world relations with other countries, etc. were said to have been discussed at the meeting. On the 18th evening, King Faisal hosted a banquet dinner in honour of President Pompidou and thanked him for overwhelming welcome accorded to him. The occasion was used for exchange of greetings for the well-being of both the countries.

-3-.....

NATIONAL ARCHIVES OF INDIA

The French President added "I believe Your Majesty's stay among us has contributed to the development of relations between France and the Arab world and between Saudi Arabia and France."

4. Omar Sakkaf's Activities: Sayed Omar Sakkaf, Minister of State for Foreign Affairs, paid official visits to Yemen, Egypt, Argentine & Brazil during the month of May and Lebanon from 4-7 April 1973.

On arrival in Beirut, he was received by President Sulaiman Franjieh, Lebanese Premier Sa'eb Salam and the Saudi Ambassador Mansour Al-Rumaih. Omar Sakkaf conveyed King Faisal's greetings to the President and the Premier. During the discussions with Lebanese leaders, matters concerning bilateral relations, situation in the region, inter-Arab affairs in general, etc. were discussed. The Saudi-Lebanese Joint Committee formed during the visit of President Franjieh to Saudi Arabia, held its first meeting on April 5. The Committee is headed by Foreign Minister of Lebanon Khalil Abu Hamad and Omar Sakkaf. Besides other things, Palestine question was also discussed at this meeting.

In Yemen, Sakkaf and delegation were received by Yemeni Foreign Minister and host of other dignitaries and had a meeting with Yemeni President Al-Qadhi Abdul Rahman Al-Iryani. Others present at the meeting were Sheikh Muhammad Ali Othman, Member of the Yemeni Republican Council; Mr.Muhammad Ahmad Noman, Deputy PM and Minister of Foreign Affairs; Mr.Ghaleb Ali Jamil, Yemen's Deputy Foreign Minister and Saudi Ambassador Sheikh Musa'ed Al-Sedeiri. At the meeting Sakkaf conveyed King Faisal's regards to President Al-Iryani. Sakkaf told the Saudi News Agency that the meeting was a good opportunity and that it was "fruitful". It is understood Sakkaf also discussed the North and South Yemeni unity plan with the local authorities. The Yemeni Premier Al-Hajri regarded the visit of Sakkaf as "positive and successful". Omar Sakkaf and the delegation returned to Jeddah after a two-day visit. While in Cairo, he had a meeting with President Sadat of Egypt; Saudi Ambassador to Cairo was also present at the meeting. Later, he met the Egyptian Foreign Minister also at the airport. In Argentine, the Saudi Foreign attended the investiture ceremony of the President of Argentine. Omar Sakkaf met the Brazilian President and his counterpart and the Brazilian Minister of Petroleum & Energy. At a press conference, the Saudi Foreign Minister announced that his country and Brazil had agreed to exchange ambassadors. Petroleum was also discussed at the meetings.

5. Chad: H.E.President Francois Tombalbaye of Chad, accompanied by a delegation, paid a State Visit to the Kingdom from 21-26 April 1973, in response to the invitation extended by King Faisal during his visit to Chad. They were received at Riyadh airport by King Faisal, HRH Crown Prince, HRH Governor of Riyadh, Minister-in-Waiting Sheikh Jamil Al-Hujallan and the Mayor of Riyadh. At a dinner banquet given by King Faisal in honour President of Chad, the King presented a golden sword to the guest. Delegations of both the countries had five working sessions. Economic, agricultural, industrial and educational cooperation were the main subjects discussed in the meetings. On arrival at Jeddah, the President of Chad and the delegation were received by HRH Prince Fawwaz bin Abdul Aziz, Governor of Mecca, Minister of State for Foreign Affairs Omar Sakkaf and others. The Mauritanian Foreign Minister on a visit to the Kingdom at the time also attended a dinner banquet given by Governor of Mecca in honour of President of Chad. On the occasion of the visit, the Chad Ambassador to Saudi Arabia commented that the visit of President Tombalbaye was

-4-.....

NATIONAL ARCHIVES OF INDIA

very important for strengthening the already good relations existing between the two countries. He observed that "Chad severed her relations with Israel as a result of her conviction that Chad's best interests and her relations with the Arabs and Muslims dictate such a measure" and that it indicates the special place which His Majesty King Faisal and the Saudi Arabian people occupy in his heart and the hearts of the Chad people". In a joint communique issued on the occasion of the visit, "the two leaders stressed their desire to further strengthen and cement the ties of friendship between the two countries by increasing cooperation between them in the cultural, economic and social fields in order to elevate these ties to the level of fraternal relations and spiritual values binding the two countries." The communique further said that "the two leaders reviewed the situation in the Middle-East and they "declared their faith that peace will not be realised in the Middle East unless the Arab countries recover their occupied territories and the Palestinian people regain their legal rights..." For world peace, the two leaders adhered their faith to work "within the framework of the Islamic Countries Conference and International organisations." For strengthening relations between the two countries, it was agreed to exchange visits at various official levels.

6. Qatar: Sheikh Muhammad Abal-Khail, Saudi Minister of State for Financial and National Economy Affairs and the accompanying delegation visited Qatar during the second week of April. They were received by the Emir of Qatar, Sheikh Khalifa bin Hamad Al-Thani. During their talks with Qatari officials, the Saudi delegation discussed matters concerning Qatari transit trade with countries across Saudi Arabia. Mutual trade and economic cooperation were also explored.

Lieutenant General Muhammad Al-Tayeb Al-Tunisi, Director of Public Security (Saudi Arabia) and the accompanying delegation also visited Qatar during the fourth week of April at the invitation of Qatari Police Chief Sheikh Hamad bin Jassim Al-Thani. The visit reflects the recommendations of the Arab League for maintaining law and order in the area. H.H.Sheikh Khalifah bin Hamad Al-Thani, Ruler of Qatar, also received the Saudi Public Security Chief and the delegation. The Saudi Chief also met various Qatari personalities connected with public security.

7. H.H.Sheikh Khalifah bin Hamad Al-Thani, The Emir of Qatar, and the accompanying delegation, paid an official visit to Saudi Arabia from 28th April to 1st May 1973. On arrival at Riyadh, he was received by King Faisal, Crown Prince, HRH the Governor of Riyadh, the Mayor of Riyadh, and assorted Princes. This was the first visit of H.H.Sheikh Khalifah since he assumed power. At a dinner banquet given by King Faisal, the Grand Badr Medal was presented to the Emir of Qatar. The Emir discussed bilateral relations with HRH Prince Fahed, Minister of Interior. The members of the Qatari delegation also held meetings with their counterparts.

The Qatari Head of State visited King Faisal Air College and the Central Planning Organisation in Riyadh.

The joint communique issued at the end of the visit mentioned "cordiality" that prevailed in the talks between the Heads of State of Saudi Arabia and Qatar. The mutual relations, situation in the Arabian Gulf (Persian Gulf) and the continued Israeli occupation of Arab lands were the subjects reflected in the communique. Matters concerning bilateral relations were also discussed between the two Heads of State. The two monarchs declared their support for Palestinian people for regaining their lost land and rights.

-5-.....

NAT. ARCHIVES OF INDIA

Morocco:

8. H.R.H.Prince Abdulla, the brother of H.M.King Hassan-II of Morocco visited Saudi Arabia from 10-15 April 1973. He was accompanied by a high-power official delegation which comprised Moroccan officials including the Minister of Endowments and Islamic Affairs; the Minister of Finance and Economy and the Governor of the Moroccan Development Bank. The members of the delegation had meetings with their respective counterparts. The main subject of discussion was economic cooperation between the two countries. Prince Abdulla also had a round of talks with Saudi Minister for Financial and Economic Affairs. This meeting was attended by the Moroccan Ambassador also, along with the members of the delegation. Prince Abdulla and the delegation performed 'Umrah'.

Prince Abdulla also discussed bilateral relations and topical Arab and Islamic issues with King Faisal.

Moroccan Information Minister Sayed Ahmad Muhammad bin Jalloun also arrived Jeddah on 11.4.73 for a week long visit. He was accompanied by Syed Ahmad Al-Yakoubi, Director of Moroccan Television. On arrival, the Moroccan Minister told the Saudi News Agency that there is no kind of difference between the two countries and added "Saudi Arabia is ..... our holdout against the currents that intend to destroy our belief and creed". The Minister said his visit was intended to increase cooperation in the field of information. On arrival in Riyadh, the Moroccan Minister was received by Saudi Information Minister Sheikh Ibrahim Al-Angari, Moroccan Ambassador, and the Saudi Deputy Information Minister Fahed Al-Sudairi. The Moroccan Ambassador was in Riyadh during the visit of Prince Abdulla of Morocco. The Information Ministers of the two countries agreed upon exchange of programmes concerning Educational, social, cultural, economical and spiritual fields. Commenting on his audience with King Faisal, Sayed Jallon said he was impressed by His Majesty's patriotism, far-sightedness and noble objectives.

Prince Abdulla of Morocco passed through Jeddah on 22.5.73 on his way to attend the meetings of the Organisation of African Unity at Addis Ababa.

9. Yemen: A Saudi Military Delegation headed by General Ali Al-Gabbani visited Yemen Arab Republic. They called on the Yemeni Chief and Deputy Chief-of-Staff. The Saudi delegation had meeting with the Yemeni delegation headed by Col.Ibrahim Al-Hamdi, Yemeni Dy.Chief-of-Staff.

Yemeni Minister of Interior, H.E.Sayed Muhammad Al-Akwa, also paid a private visit to the Kingdom.

10. Egypt: Sayed Hassan Al-Tuhami, Advisor to President Anwar Sadat of Egypt, who has been elected to succeed Tunku Abdul Rahman, as Secretary-General of the Islamic Conference, paid a short visit to the Kingdom during the third week of April. After he had an audience with King Faisal, the visitor told a press correspondent that the King was determined to make the Islamic Conference an instrument for the unification of the Muslim ranks. As is evident from the Fourth Conference held in Benghazi, he said the Muslim States were ready to cooperate among themselves in various fields.

Lt.General Ahmad Ismail Ali, Egyptian War Minister, visited Saudi Arabia at the end of April at the invitation of Prince Sultan bin Abdul Aziz, Saudi Minister of Defence. On arrival at Riyadh, the Saudi Defence Minister received him. The visiting Minister had an audience with King Faisal. He visited Dhahran in the company of Chief of Staff of the Saudi Army Lt.General Hamad Shumaimry. The Egyptian War Minister performed Umrah and visited military installations in the Southern Province

-6-.....

NATIONAL ARCHIVES INDIA

accompanied by General Shumaimri. President Sadat of Egypt meanwhile praised the Kingdom of Saudi Arabia for supporting Egypt militarily against Israel.

11. Mauritania: The Foreign Minister of Mauritania Sayed Hamdi Wald Maknass visited Saudi Arabia from 21-25 April 1973, accompanied by a delegation which included Mauritanian Education Minister and experts in various sectors and their Ambassador to the Kingdom. Maknass was received by Saudi Foreign Minister Sayed Omar Sakkaf, Mr.Khaled Al-Nasser Minister Plenipotentiary at the Saudi Foreign Office and a representative of the Royal Protocol. The Mauritanian Foreign Minister and the delegation had an audience with King Faisal. Crown Prince Khaled bin Abdul Aziz also received them. They performed Umrah and visited Prophet Mohammed's Tomb at Medina. The Mauritanian Foreign Minister and the delegation had official talks with the Saudi delegation headed by Saudi Minister of State for Foreign Affairs Omar Sakkaf. Bilateral relations were discussed between the two sides, and the discussions ended on a note of "complete agreement". A cultural agreement was signed by the Education Ministers of both the countries. It is understood Saudi Arabia will supply Teachers and text books to Mauritania.

12. Somali: Mr.Mohammad Othman Jeeli, Member of the Somali Revolution Council and Minister of Forestry and Animal Husbandry came on a visit to Saudi Arabia for a few days from 29th May 1973. The Somali Minister brought with him a message for King Faisal from President of Somali. The Somali Minister had a meeting with Prince Fahed bin Abdul Aziz when bilateral relations between Somali and Saudi Arabia were discussed. Sheikh Muhammad Ibrahim Masoud, Deputy Foreign Minister and the Somali Ambassador at Jeddah were also present at the meeting.

13. Indonesia: Indonesian Labour Minister Sayed Muhammad Shafa'at, came to the Kingdom on a short private visit from 20th April. He paid a courtesy call on the Governor of Mecca, Prince Fawaz bin Abdul Aziz in the company of Indonesian Ambassador to the Kingdom. He performed Umrah and praised King Faisal for the remarkable progress the Kingdom was making under his wise leadership. Haj Md.bin Tarja, Indonesian Social Affairs Minister also came on a private visit. He performed Umrah and paid courtesy call on the Governor of Mecca.

14. World Muslim League (RABITA): To forge closer relations between the League and other Islamic organisations, a delegation of the League led by His Eminence Sheikh Hassanain Makhlouf, former Mufti of Egypt and member of the League's Constituent Council, visited North African countries such as Sudan, Morocco, Addis Ababa and Mali. Besides other things, Islamic Development Bank was reported to have been discussed during the visit.

A Japanese Muslim Society delegation led by Sayed Abubakar Marumoto, was received by the Secretary General of the League H. E.Sheikh Saleh Gazzaz. League assistance for propagation of Islam in Japan was one of the subjects discussed at their meetings.

The League has offered assistance to more than 14 Islamic schools in various countries. An amount of $38,000.00 collected from lectures during Haj was handed over to Tunku Abdul Rahman by His Eminence Sheikh Muhammad Ahmad Al-Shawwaf as a contribution for relief to the Muslims in Philippines.

15. Islamic Charter: Tunisia and Iran also ratified the Islamic Charter as officially announced. This brings the total number of countries who have ratified the Charter to 18. The other 16 names have already been conveyed to the Ministry.

-7-.....

NATIONAL ARCHIVES OF INDIA

16. Islamic Conference: H.E.Tunku Abdul Rahman, Secretary-General of the Islamic Conference, visited Arabian Gulf emirates i.e. Bahrain, Qatar, Abu Dhabi, Oman & Kuwait and Turkey, to gain support for establishing an Islamic Development Bank. Before proceeding to these places, he paid courtesy call on King Faisal who fully supported the project and hoped that this project will come to light before Tunku relinquishes as Secretary-General by the end of this year. The Tunku in a statement said that he was happy at the response from His Majesty particularly in the economic field. It is reported that this Bank would be an independent body, and that it may be the richest of its kind in the world. Such a Bank would be of great use to the Muslim countries and prevent them from falling in capitalist or communist trap for financial support, etc. he commented. A conference of Finance Ministers of Muslim countries was also proposed to be held at Kuala Lumpur at a date to be fixed later.

17. Saudi Aid: Saudi Arabia continued to give financial aid to different organisations in Arab and other countries having sizeable Muslim population. Donations announced during the period under report are as follows:

1. £10 million for Syrian Arab Army.
2. U.S.$125,000 for Canada's Islamic Community at Toronto.
3. U.S.$10,000 for Islamic Centres at Washington and New York - to be distributed equally. This donation will be repeated every year.
4. S.Rls.300,000 for a hospital affiliated to Indonesian Supreme Council for The Call to Islam in Western Sumatra.
5. £10,000 for Conference of Islamic Centres in Europe to be held in London under the chairmanship of Saudi Ambassador in London.
6. Singapore Dollars 10,500 for Islamic Propagation Society in Singapore for purchase of a motor vehicle.
7. A total of SRls.60 million to Oman within first year of the establishment of diplomatic relations between Saudi Arabia and Oman. Saudi Arabia pays salaries for 200 Saudi teachers teaching in Oman and 200 scholarships to Omani students.
8. £300,000 grant-in-aid to Islamic Centre in Khartoum for a period of three years.
9. SRls.13,500 to the Islamic orphanage in Lebanon.
10. SRls.100,000 to Islamic Orphanage of Malabar, India, for extending their building. It is not known whether the amount has been passed on to the institution.
11. Dinars 4,350,000, first instalment of financial aid for this year to Jordan.
12. US$4 million worth of medical aid to Yemen Arab Republic. This aid has great importance keeping in view the recent developments in the relations between Saudi Arabia and Y.A.R. Another SRls.5½ million is being invested by Saudi Arabia for maintaining mosques, schools, hospitals in Yemen. Yemeni Prime Minister has said that Y.A.R. was able to overcome its difficulties through massive financial help of Saudi Arabia.
13. US$.1 million for drought stricken inhabitants of Niger.
14. SRls.35,000.00 to the vocational training institute of Beirut.

18. U.K.: Lord Carrington, the British Defence Secretary, accompanied by delegation, visited Saudi Arabia from 8-11 April.

-8-.....

NATIONAL ARCHIVES OF INDIA

In Jeddah, on arrival, he was received by Saudi Minister of State for Foreign Affairs Omar Sakkaf, the Acting Commander of Jeddah, the British Ambassador and others. Lord Carrington and the delegation had talks with Omar Sakkaf in Jeddah. On the last day of the visit, a meeting was also held between Lord Carrington and Prince Sultan bin Abdul Aziz, Saudi Minister of Defence & Aviation. Talks concerning political and defence matters took place between the British and Saudi leaders. The British Defence Secretary was seen off by Saudi Defence Minister Prince Sultan bin Abdul Aziz at Riyadh airport.

"Apollo", a British warship, visited Dammam. The ship's Commander with quite a few officers paid a courtesy call on Prince Abdul Muhsin bin Jalawi, Governor of the Eastern Province. The Governor also visited the ship along with Commander of the Eastern Province's military garrison.

19. U.S.A.: Zaki Yamani, Saudi Petroleum Minister, on a visit to Washington, is reported to have told the American authorities that unless US support of Israel is modified, Saudi Arabia would not enhance oil production.

20. Pakistan: A student delegation from the Pakistani National Defence College visited Saudi Arabia during the first week of April and was received by H.E.Sheikh Muhammad Ibrahim Masoud, Saudi Deputy Minister of Foreign Affairs.

During the third week of April, a four-woman delegation representing the wives of the Pakistani POWs also paid a short visit to the Kingdom. These were the wives of some Pak Prisoners of war, who had earlier visited the U.N. They came to Saudi Arabia to perform 'Umrah'. These ladies were taken to offices of some local newspapers and Islamic Secretariat by the Pak C.D.A. They reportedly complained to the Saudi Press about the prolonged detention of the Pak POWs in India against the Geneva Convention.

Pakistani Minister of Health and Deputy Speaker of the National Assembly made a private visit to the Kingdom at the end of April. He arrived here from Jordan. The Pakistani Minister held a press conference where Dr.Muhammad Bukhari, Member of Pakistani Parliament, the Pakistani CDA and Sayed Izzat Mufti, Director of Saudi Information Ministry were also present. He told the audience that the new Constitution of Pakistan was "Islamic, democratic and parliamentary" in nature and that it embodies religious education and teaching of Arabic in educational institutions. In answer to a question, he said that Pakistan will fulfil Saudi requirements in the field of health by providing the services of doctors and nurses.

Khan Abdul Qayyoum Khan, Pakistani Interior Minister, visited Saudi Arabia in the 2nd week of May. While praising the King and his Moslem people, he told the Saudi News Agency that he had delivered a message to King Faisal from President Bhutto. He also said that he had given a copy of the new Constitution of the Islamic Republic of Pakistan to the King.

In a way, these visits were a means to draw sympathy of the Saudis.

Sayed Saiful Rahman Kayani, Ambassador of Pakistan, presented his credentials to King Faisal on the 12th May 1973.

21. India: Relations b tween India and Saudi Arabia showed signs of improvement and there was no adverse political comment against India. Sympathy was, however, expressed for Pak POWs. An Air Agreement between Air India and Saudia for weekly air services

-9-.....

NATIONAL ARCHIVE OF INDIA

to and from Dhahran was signed during the period. An Indian Petroleum Delegation visited Riyadh and was also successful in its mission (Details separately sent to the Ministry). Saudi recognition of Bangladesh may take some time, but a tendency to go ahead with maintaining normal relations with India otherwise was quite visible.

22. Diplomatic: Saudi Arabia and Canada agreed to establish diplomatic relations at ambassadorial level to consolidate the ties of friendship between the two countries.

PRESS, CULTURAL AND MISCELLANEOUS

23. Instability in Pakistan, Indonesian Foreign Minister's visit to India, Pak Times reveals details of planned Coup d'etat, Israel appoints its Consul in Bombay as Ambassador in Saigon, Thousands of Pakistanis expelled from Iraq, Indian Troops take-over patrol duty in Sikkim, Bangladesh Parliament opens with recitations from Gita and Quran, Bangladesh gives up insistence of political recognition by Pakistan, Constitutional Crisis in Pakistan, Bhutto makes concessions to the Opposition, King Faisal contributes $300,000 to complete Muslim Hospital in Sumatra, Swantantra support for the release of Pak POWs, Criticism of India in Bangladesh, 120 Pak POWs died of natural causes in Indian camps, Tarnado in Bangladesh, Iraqi Oil for India, One million Dollars to Niger from Faisal for drought relief, Indian representative for Pakistan to discuss POWs, Pak Minister of Health's declaration for review of civil and criminal code in the light of Islamic injuctions, Drowning tragedy in Rajasthan, Famine procession in Gaya, More Pak military officers under custody, Indian delegation for purchase of Saudi oil, Dacca authorities confiscate weapons, £300,000 Royal contribution to Islamic Centre in Khartoum, Bhutto's visit to Iran, India produces 61 billion cigarettes, Unrest in Baluchistan, Communal riot in Poona, P.A.C. Indiscipline in U.P., Swaran Singh asks for Israeli withdrawal from Arab territories and declares support to the Arabs, Protection of Tigers in the Indian Sub-continent, were some of the important news stories relating to Indian Sub-continent, which were covered by the Saudi mass-media. However, it was noticed that during the months of April and May, only one political commentary was devoted to the release of Pak POWs in India and which, in fact, highlighted that out of 95,000 POWs, only 192 were required to face trial in Bangladesh.

(H. K. Malhotra)
First Secretary.

Distribution:

As per standard list.

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Copy No. 4 (6) **SECRET** 34

Embassy of India
Jeddah

No.JED/101/27/P/73 15th July 1973.

4208
M E A (Historical Division)
Dy No. 4 R & I
Date 28/7/73

POLITICAL REPORT FOR THE MONTH OF JUNE 1973

Part II ..... Economic

INTERNAL ECONOMIC DEVELOPMENTS

Oil Matters:

An agreement was reached between OPEC (Organisation of Petroleum Exporting Countries) and the Western oil companies providing for 11.9% rise in the prices of crude oil to compensate for the losses of the producing countries caused by the major currency fluctuations in the wake of the second devaluation of the United States Dollar. Representatives of the two sides also agreed on a monthly review of the currency situation as well as a daily check on changes affecting parity of currencies. The oil producing countries which signed the agreement were Saudi Arabia, Kuwait, Qatar, Abu Dhabi, Libya, Nigeria, Iraq and Iran. The three other members of the Organisation of Petroleum Exporting Countries - Algeria, Indonesia, and Venezuela - did not sign the agreement because they have their own arrangements for the sale of their oil.

2. A Saudi delegation headed by Dr. Abdul Hadi Hasan Taher, Governor of Petromin (General Petroleum & Mineral Organisation) attended the OAPEC (Organisation of Arab Petroleum Exporting Countries) Conference held in Damascus on June 23. The Ministerial Council of OAPEC, after reviewing the detailed studies presented by the two-man committee composed of the Minister of Petroleum and Mineral Resources, Sheikh Zaki Yamani and the Bahraini Minister of Development and Engineering Services Sheikh Yousef Al-Sharrawi for the establishment of a dry dock, has decided to consider this project as one of the national schemes in the member countries. The Council has also decided to start preparations for the engineering specifications of the project. Two consulting firms, one Japanese and the other Portuguese, will supervise this project.

3. A Malaysian Delegation headed by the Malaysian Minister of Petroleum and Basic Industry Sayed Tayeb Mahmud Dato visited the Kingdom during the month and held talks with Saudi Minister of Petroleum and Mineral Resources Sheikh Zaki Yamani; Governor of Petromin, Dr. Abdul Hadi Hasan Taher and Chairman of the Jeddah Chamber of Commerce and Industry Sheikh Ismail Abu Dawood on boosting trade and strengthening relations between the two countries. The Malaysian Minister is reported to have discussed matters relating to the cooperation between Saudi Arabia and Malaysia in the oil field and the possibility of establishing joint ventures between them in this field. Future trade and economic activity between the two countries,

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NATIONAL ARCHIVES OF INDIA

establishment of a sea shipping company to serve trade between the two countries, possibility of exploiting Malaysian rubber in Saudi industry and the exchange of visits between officials and businessmen of the two countries were also discussed. The talks were of a preliminary nature and will require detailed further consideration.

4. The second seminar of the programme for administrative development which is being organised in collaboration with the U.S. International Marketing Institute was inaugurated by the Deputy Governor of Petromin for Executive Affairs, Sayed Jamal Hassan Jawa. The aim of the programme is to train participants on the principles of administrative management and organisation to prepare them for heavier responsibilities as Petromin is concerned with the development of its staff's efficiency and working capabilities in order to meet its present and future needs.

Tyre Retreading Plant:

5. A limited liability partnership has been established in Riyadh under the name of "The National Industries Co." with a capital of S.Riyals 1 million for the purpose of establishing a tyre retreading plant in collaboration with a British firm and to study various industrial projects and implement them in collaboration with other partners.

Bisha and Taif Airport Development Projects:

6. A contract for the development of Bisha airport at a cost of S.Rls. 27 million was awarded to Ibn Laden Establishment (P.B.No.958, Jeddah). Under this project the airport will be capable of receiving large jet aircraft. Another contract for the construction of new Taif airport building, at a cost of S.Rls. 17 million, was awarded to a Saudi concern, Al-Essaye Construction Establishment (P.B.No.2838, Jeddah).

Saudi Industrial Exhibition:

7. A Saudi Industrial Exhibition organised by the Industrial Studies and Development Centre in collaboration with the Riyadh Chamber of Commerce and Industry was opened in Riyadh on May 29. The products in which about 600 Saudi industrial firms are engaged in the country were exhibited and included confectionary and candy, foodstuffs, dairy products, soft drinks, spinning and weaving, furniture and fixtures, aluminium, paper products, leather tanning, leather products, rubber, plastics, detergent, gypsum, construction materials, metal furniture and metal foundry, air-conditioners, industrial gases, vehicle bodies and petroleum products.

Contract for the Maintenance of Water Wells:

8. Saudi Ministry of Agriculture awarded a S.Rls. 50 million contract to the US firm - Conam Services Inc. - for the maintenance, operation, and management of 241

.../3

NATIONAL ARCHIVES OF INDIA

 36

water wells in the Central and Eastern Provinces. Contract for the management, maintenance and repair of 52 wells in the Western Province, at a cost of S.Rls.13.5 million, was awarded to the Civil Works Company. Another S.Rls. 88 million contract for the maintenance of Khobar and Khafji desalting plants was also awarded to Conam Services Inc.

Expansion of Power Plants:

9. A contract for the expansion of the electric power plants each in Hail, Jouf, Qurayat, Wajh, Dhiba and Najran at a cost of S.Rls. 11.4 million was awarded to Rajab and Silsilah (P.B.No.260, Riyadh). The work involves the supply of new power generators, apparatus, motors, distribution boards and other technical ancillary equipment for these towns.

Broadcasting Stations:

10. A contract at a cost of S.Rls. 3.3 million for the preparation of studies and designs of two broadcasting stations in the North of Saudi Arabia of very high capacity with special links to relay programmes beamed by the broadcasting stations in Jeddah and Riyadh was given to the British firm of consultants, Preece, Cardew and Rider.

Abdulaziz University Campus Plan:

11. The second report on the general preliminary plan for the King Abdul Aziz University campus in Jeddah was presented by the Architects of the Canadian consultants, Project Planning Associates. The contract for studies and designs was signed earlier this year at a cost of S.Rls. 8 million. Cost of buildings and various other facilities is expected to reach about S.Rls. 700 million when the whole campus is completed.

Road Contracts:

12. Two contracts for the construction of roads in the Kingdom were signed during the month. The first contract signed with the Chinese (Taiwan) firm of Ret-Ser Engineering Agency (P.B.No.3984, Jeddah) was for the construction and grading of the 100-KM road linking Mecca, Alsail Alkabir and Hawiya at a cost of S.Rls. 68.8 million. The second contract awarded to two German firms - Held & Francke and Dyckerhoff and Widmann (P.B.No.2746, Riyadh) was for the construction and grading of the Darb-Shaqiq-Mahayel road with a length of 141 kms. at a cost of S.Rls. 145 million. The roads are to be completed in a period of 30 and 40 months respectively.

Islamic Development Bank:

13. His Majesty King Faisal is reported to have given his approval to the establishment of an Islamic Development Bank. Tenku Abdul Rehman, Secretary-General of the Islamic Secretariat, said that the meetings to discuss the creation of the Islamic Bank will be held in Jeddah shortly. The purpose of the Islamic Bank is to bring economic unity among Islamic countries. The present thinking seems to be that

.../4

NATIONAL ARCHIVES OF INDIA

the Bank will not charge any interest but will have a direct concern with the profitability of the project for which loan will be granted.

EXTERNAL ECONOMIC RELATIONS

14. Algerian Trade Delegation: A 12-member Algerian Trade Delegation headed by Sayed Ahmad Al-Arees, Head of Trade Affairs Department in the Algerian Ministry of Commerce and comprising of officials from the Algerian Ministry of Commerce and businessmen visited the Kingdom during the month and had talks with the Saudi Minister of Commerce and Industry Sheikh Muhammad Al-Awadhi; Deputy Minister of Petroleum and Minerals, Dr. Fadhel Qabbani and Saudi businessmen on the possibility of promoting trade exchange between the two countries.

15. Omani Minister of Communications: The Omani Minister of Communications and Public Services, Sayed Salem Rajab, paid a visit to the Kingdom and had discussions with his Saudi counterpart on matters of mutual interest.

16. Kuwaiti Civil Aviation Delegation: A Kuwaiti civil aviation delegation headed by the Director of Civil Aviation, Sayed Abdullah Al-Samhan, visited the Kingdom and held talks with Saudi officials. An air agreement regulating air transport between Saudi Arabia and Kuwait was initialled. Under the agreement the Saudi Arabian Airlines (Saudia) will organise scheduled flights to Kuwait and to points beyond and the Kuwait Airways will initiate a route to the Kingdom.

17. Chairman of CPO visits Syria: Saudi Minister of State and Chairman of the Central Planning Organisation visited Syria for four days and held discussions with Syrian officials on economic and trade relations between the two countries. In a statement to the newsmen the Saudi Minister described his visit as successful. The trade agreement concluded by the two countries last year has been renewed by another year.

INDO-SAUDI RELATIONS

18. Two officials of the Indian Oil Corporation - Servshree S. Ketharaman, Transport Adviser and P.K. Srivastava of HO Marketing - visited Riyadh and Ras Tanura during the month. The purpose of the visit was to establish contacts with Petromin, clarify certain points relating to the oil agreement between India & Saudi Arabia concluded in May 1973 and consider parties for appointment as agents of Indian Oil Corporation in Saudi Arabia. The team was assisted by the First Secretary (Commercial) Shri M. M. Husain.

19. Mr. Nazar Mohamed of M/s. Pioneer Tannery Ltd., Kanpur and ex-Vice-President of Leather Export Promotion Council, visited Saudi Arabia and held detailed talks with a Saudi party (Abdur-Rehman Bassam) for collaboration in the setting up of a tannery in Jeddah.

20. Mr. M. H. Al-Yazidi of Al-Yazidi Trading Office, Jeddah visited India and explored the possibility of collaboration in setting up a plant for manufacturing safety matches in Jeddah.

(Zahir Ahmed)
Ambassador of India

NATIONAL ARCHIVES OF INDIA

Copy No. 4 (D) SECRET 38

EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73 22nd June 1973.

M.E.A. (Historical Division)
Dy No. 3716 P.&I. 73
Dt. 29/6/73

POLITICAL REPORT FOR MAY 1973

Part II ..... Economic.

INTERNAL ECONOMIC DEVELOPMENTS

Oil Matters:

During the month the Ministry of Petroleum and Mineral Resources of the Saudi Government announced that the policy of Saudi Arabia over marketing its share of crude oil is based on the following grounds:

i) Petromin is the only authority to sell crude oil.

ii) Petromin will sell the crude oil to the purchasers for their own use only.

iii) No sale will be made to brokers or intermediaries of any kind.

iv) No sale negotiations will be conducted in the presence of brokers or intermediaries.

The Ministry also expressed the hope that all those concerned would adhere to the above guidelines which aim at facilitating the procedures to any prospective buyers.

2. The Board of Directors of Petromin held a meeting in Riyadh on 8th May 1973 under the chairmanship of Sheikh Zaki Yamani, Minister of Petroleum and Mineral Resources. Dr. Abdulhadi Hassan Taher, the Governor of Petromin stated in a statement that the Board of Directors had discussed a number of subjects related to the Organisation's operations and projects. One of the most important subjects tackled at the meeting was the study of the establishment of the petro-chemicals project in collaboration with a Japanese firm. He said that the Board had agreed in principle to conclude a contract with the said firm to carry out the study, which will be completed within a period of 6 to 9 months. Earlier the Japanese Minister of International Trade and Industry Mr. Yahasiru Nakasone had come to Riyadh on 2nd May 1973 on a 3-day visit to probe the possibility of Japan's participation in certain petro-chemical projects to be established in the Kingdom.

3. Dr. Abdulhadi Hassan Taher, Governor of Petromin said that Petromin concluded contracts for the sale of the Kingdom's remaining share from crude oil under the participation agreement for 1973 as well as similar quantities of oil for 1974 and 1975. The buyers, he said, represent companies specialised in the distribution of petroleum products and refining of crude oil in various parts of the world such as the United States, Western Europe, Latin America, Asia and Africa.

4. An agreement was signed between Petromin Oil Tankers Company (Petroship) - a subsidiary of Petromin - and the foreign firm of Common Brothers Ltd. under which

.../2

NATIONAL ARCHIVES OF INDIA

the latter will take over the technical administration of Petroship. Under the agreement Petroship will have a complete staff of skilled and experienced personnel in the field of oil shipping within a period of five years.

5. The Kuwaiti Minister of Finance and Petroleum Sheikh Abdul Rahman Salem Al-Atiqi visited Saudi Arabia and held talks with Saudi Minister of Petroleum and Mineral Resources Sheikh Zaki Yamani on certain oil issues of interest to both countries.

6. Mr. James Howard, Member of the US Congressional Public Works Committee called on the Saudi Minister of Petroleum and Mineral Resources Sheikh Zaki Yamani and discussed with him the mechanical and technical methods for loading and unloading at seaports.

Arafat Road Network:

7. It has been reported that the sites for implementing the Arafat road networks have been handed over to the national firms which were awarded the various sections of this network. The first section of the network has been awarded to Al-A'war and Indeco at a cost of S.Rls.17 million, the second section costing about S.Rls.13 million has been assigned to Al-Sakkaf Establishment, and the third at a cost of about S.Rls.14 million to Al-Jazira Al-Arabia Establishment.

Construction of Slaughter Houses:

8. The Vice-Minister of Interior Prince Naif bin Abdul Aziz signed a contract with the German firm, Kirchfeld GMBH Kommanditgesellschaft (4 Dusseldorf, 1, Postfach 4626, West Germany) for the construction of seven large slaughter houses in Mecca, Medina, Riyadh, Jeddah, Dammam, Al-Hasa and Buraida at a cost of S.Rls.87 million. The slaughter houses will be built on the most upto-date hygienic designs in addition to observation of the Islamic method of animal slaughter. They will also take into account the populace requirement of each city for the next 25 years.

Jeddah Airport:

9. The Director of Civil Aviation Sheikh Abdullah Mahdi is reported to have said that Royal approval has been obtained for embarking on the new Jeddah international airport. Steps are being taken at present to invite international firms specialised in airport construction to enter a tender for undertaking the project. The airport will be built on the lines of internationally leading airports and will be equipped with all the facilities and apparatus used in the civil aviation fields.

New Customs Tariff:

10. A Royal Decree cancelling the old Customs Tariff and issuing a new tariff carrying considerable reductions on duties on foodstuffs and other essential commodities, and maintaining the high duty on imports for which similar

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NATIONAL ARCHIVES OF INDIA

products are manufactured locally to protect and encourage local industries was issued during the month. One of the main objectives of the new Tariff is to reduce the cost of living of the people. The main features of the Decree are as follows:

i) Exemption has been granted to 50% of the imported commodities compared to 36% of the commodities under the old tariff. Thus tea, cardamom, sugar and other foodstuffs, raw rubber, rubber products, iron bars, cement, iron and copper boards, timber and other construction materials, diesel and electric engines and motors, power generators, transformers, pumps, compressors and other electrical and mechanical tools, all machinery and apparatus which as a whole form production plants such as plastics, rubber, asphalt, tiles, marble, food preparations, textiles and wood factories; all machinery and equipment necessary for the construction of roads, airports, seaports; all equipment and apparatus for poultry and cattle breeding, public service machinery, technical and electrical machinery and apparatus for public utilities such as telephones, telegraph, broadcasting and television transmission equipment, teleprinters for mass media, navigational equipment & computers; basic medical apparatus and equipment such as X-Ray equipment, have been exempted from customs duty.

ii) Customs duties on most commodities not produced locally have been unified at 10%. The commodities are: household equipment and articles; sanitary tools, articles and fixtures in buildings; canned meats; readymade clothes; biscuits and bakeries products; perfumes; tents and accessories; office machinery and equipment.

iii) A duty of 5% has been maintained for a number of products such as tyres and spare parts for motor vehicles, tractors and accessories, precious stones and metals for the manufacture of jewellery, ropes, barbed wire and electric and telephone cables.

iv) Duties on various kinds of cloth have been reduced to 5% instead of 20% as in the old tariff. As for popular cloth, its exemption from duties has been maintained.

v) Duty has also been reduced on certain goods such as goods for medical purposes and in laboratories; certain building materials such as pipes and accessories, chains, nails, screws and valves, water taps, electrical wires and accessories.

vi) As for foreign products for which similar products are manufactured locally, a duty of 20% has been imposed. These commodities include: macaroni, vermicelli, confectionary products and candy, marble and cement tiles, soap detergents, plastic products such as bottles, dishes, plastic bags, foam rubber mattresses, paper towels, doors and windows, furniture, paper bags, cloaks, headdresses, Ihram towels, prayer rugs and rosaries, glass bottles, and table ware, metal cupboards and furniture, shelves, and water heating apparatus.

.../4

NATIONAL ARCHIVES OF INDIA

vii) As for various kinds of motor vehicles, small motor vehicles in the old tariff carried a duty of 30% while transport and cargo vehicles carried a duty of 10%. Under the new tariff small vehicles carry a duty of 15% while transport and cargo vehicles maintain the old duty of 10%.

EXTERNAL ECONOMIC RELATIONS

11. Saudi Arabia's Day at Tunis Fair: Saudi Minister of Commerce and Industry Sheikh Mohammad Al-Awadhi paid a visit to Tunisia on the occasion of Saudi Arabia's day at the Tunis International Fair. The Minister also called on Tunisian President Habib Bourguiba and presented to him a token gift of the Saudi traditional handicrafts. The Saudi Minister also held talks with his Tunisian counterpart Sayed Shazli Al-Ayyari on economic and trade relations between the two countries.

12. £96 million Deal with Britain: A memorandum of understanding between Saudi Arabia and Britain is reported to have been signed within the framework of technical cooperation between the two countries. Under the agreement the British Government undertakes to contract British aircraft companies for the supply of equipment and the installation of facilities for maintenance and training as follow-up to the training agreements concluded between the Kingdom and certain British companies. The cost of the contract is estimated at £96 million.

13. Italian Exhibition in Jeddah: An Italian Exhibition was inaugurated by the Governor of Mecca HRH Prince Fawaz bin Abdul Aziz on May 3, 1973. Present on the occasion was also the Italian Foreign Trade Minister Mr. Mateo Mateoti who arrived in the Kingdom a day earlier. The Italian Foreign Trade Minister also met the Saudi Minister of State cum Chairman Central Planning Organisation Sheikh Hisham Nazer, Dr. Mahmud Taiba, Deputy Minister of Commerce and Industry and Dr. Fayez Badr, the Deputy Chairman of the Central Planning Organisation; and held talks on commercial and economic relations between the two countries and the exchange of knowhow and potentials in these fields.

14. Commerce Minister visits Iran: The Saudi Minister of Commerce and Industry Sheikh Mohammad Al-Awadhi paid a visit to Iran and held talks with his counterpart on cooperation between Iran and Saudi Arabia.

15. Senegalese Economic Delegation: A Senegalese economic delegation headed by Sayed Osman Seik, the Minister of Planning Cooperation paid a visit to the Kingdom during the month and held talks with Saudi Government on economic and technical cooperation between the two countries. While leaving the Senegalese Minister is reported to have that the Saudi Arabian Government is determined to contribute to the implementation of development projects in that country and that agreement was reached with Saudi officials to send a team of Saudi experts to Senegal for the purpose

./5

NATIONAL BOOKS OF INDIA

Indo-Saudi Relations

16. The Indian Oil Delegation headed by Shri A.P. Verma, Joint Secretary, Ministry of Petroleum and Chemicals visited Riyadh from 5th to 8th May 1973 as scheduled. In its talks with the Saudi Government, the Indian delegation was assisted by the Indian Ambassador in Jeddah Shri T.T.P. Abdullah and First Secretary(Com) Shri M. M. Husain. The delegation called on the following Saudi dignitaries and held talks on the supply of crude oil to India by Saudi Arabia:

i) H.E. Sheikh Zaki Yamani, Minister of Petroleum and Mineral Resources.

ii) Dr. Abdulhadi Hassan Taher, Governor of Petromin. He was inter alia assisted by HRH Prince Saad Al-Faisal, Deputy Governor of Petromin and Mr. Abdullah Mohammad Alireza, General Manager, International Marketing Division, Petromin.

iii) HRH Prince Saud Al-Faisal, Deputy Minister, Petroleum.

As a result of the talks the Saudi Government agreed to supply India about 1.1 million tons of crude oil during 1973 and same quantities each year in 1974 and 1975. Accordingly an agreement was signed in Jeddah on 17th May 1973 between the Ambassador of India and the Governor of Petromin. The Saudi side also welcomed India's proposal for collaboration in the petro-chemical field and follow-up action was decided upon. The procurement of oil from Saudi Arabia is a major break-through for India as this has been achieved against very tough competition from about 50 parties. The Saudi side also promised to consider the question of setting up a fertilizer factory in Saudi Arabia in collaboration with India.

17. Mr. M. Fayyazuddin, a leading architect in India and representative of Consulting Engineering Services (India) Private Ltd. visited Jeddah during the month and held talks with leading construction and engineering firms.

The report issues with the approval of CDA.

M. M. Husain

(M. M. Husain)
First Secretary (Commercial)

NATIONAL ARCHIVES OF INDIA

Copy No. 41 (8) SECRET

43

EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73. 17th July 1973.

M E A (Historical Division)
By No. 4336 & 1973
Date 20/7/73

POLITICAL REPORT FOR THE MONTH OF JUNE 1973

PART-I - POLITICAL

SUMMARY

King Faisal of Saudi Arabia returned to Jeddah on June 13 after a month-long (May 12 to June 13) tour of seven countries including Egypt, France, Switzerland, Italy, Morocco, Algeria and Tunisia. While the visits to France and Italy were official, the King's tour of Maghreb countries was described by the press as private and 'brotherly'. The controlled Saudi press gave extensive coverage to these tours and made out that King Faisal was able to convince his French and Italian hosts about the pitiable condition of the Palestinians who had been forcibly driven from their homeland and plagued thereafter by Israeli raids and military operations. Regarding the Arab part of the Royal tour, the press stated that the visit further cemented the close and brotherly relations existing between the Kingdom and these countries. On return to Jeddah, the King is reported to have sent a special message to Yasser Arafat, leader of the P.L.O. Though the contents of the message are not known, yet it is presumed the King conveyed the impressions and reactions gained by him regarding the Palestinians' issue during his visit to the above mentioned countries.

An important event of the month has been the Conference of Saudi Heads of Missions abroad held in Jeddah from 23-28 June 1973. The Conference was called to brief the Saudi Ambassadors about the latest policies of the Royal Government on various issues including Israel, Middle East and other challenges being faced by the Muslims in the world.

The Saudi Government, though desirous of strengthening the existing friendly relations with India, have yet strong reservations about the continued detention of Pak POWs in India whom they want to be released immediately and unconditionally. The Saudis also have a feeling that the Muslims in India are not being properly treated by the Government of India and are not being helped in developing relations with the Muslims in other countries (reference is perhaps to the proposed visit of a Rabita delegation to India). It was in the light of this fact that King Faisal, in his reply speech, while accepting the credentials of our Ambassador on June 26, 1973, advised the Indian Government to allow the Muslims in India to develop relations with their brethren in other parts of the world and to foster better relations with her neighbours (obviously Pakistan) and expressed concern over the continued detention of Pak POWs in India and suggested their immediate release.

DOMESTIC AFFAIRS

Nothing to report.

EXTERNAL RELATIONS

2. King Faisal's visits to Morocco, Italy, Algeria and Tunisia: At the end of his official visit to France, King Faisal went to Geneva on a private visit where he stayed from 18th May to 5th June 1973.

King Faisal, accompanied by a delegation consisting of

-2-.....

NATIONAL ARCHIVES OF INDIA

Prince Sultan bin Abdul Aziz the Defence Minister, Prince Nawaf bin Abdul Aziz, his Special Counsellor and others, visited Morocco from 6-8 June 1973. Arriving at the Rabat airport, they were received by King Hassan-II and his brother Prince Mawlai Abdullah. On the evening of June 6, the two Monarchs assisted by their delegations had a meeting, after which the Moroccan Foreign Minister in a statement to Saudi Press Agency praised King Faisal. It is understood the two leaders discussed Arab unity, support to Palestinians in the wake of Israeli aggression and Islamic solidarity in general. The following day, King Faisal received Arab and Muslim members of diplomatic corps and expressed to them the urgency of unity among Arabs and Muslims on account of the situation created by Israel's aggression. King Faisal also met the religious scholars of Morocco and dwelt upon spreading of Islamic teachings by Ulemas.

King Faisal and the delegation visited Italy from 8-10 June 1973. This was the first official visit by any Saudi monarch to Italy. On arrival, they were received by President Giovanni Leone, the Pontifical Ambassador to Italy and others. In the evening of 8th June, the two Heads of State had a private meeting, when the Middle East situation and cooperation in the economic and industrial fields were discussed in an atmosphere of cordiality. Italian Premier Andreotti and Foreign Minister Medici in separate statements related the importance of Faisal's visit to Italy and praised Saudi Arabia for its progress under his leadership.

On arrival in the Algerian capital on the 10th June, King Faisal and the delegation were received by President Boumedienne and other important people. King Faisal and President Boumedienne held two meetings before they met again with their delegations. At these summits, questions relating to the situation in the Arab region and the current debate at the U.N.Security Council on Israeli occupation of Arab land were discussed. Prince Sultan bin Abdul Aziz, Saudi Defence Minister, visited Technical School of Algerian Air Defence where he was received by the Governor of Algiers, Algerian Air Force Commander and others. Prince Sultan commended the standards attained by Algeria in the field of air defence.

King Faisal and the party arrived at Tunis on the 12th and left for Saudi Arabia on the 13th June 1973. On arrival at Tunis, they were received by President Bourguiba. In the evening, the two Heads of State, with their delegations, had a meeting. Later, at a dinner in honour of King Faisal, the Tunisian President thanked Saudi Arabia for her support and help during the independence struggle of Tunisia.

3. Commander of National Guards: Immediately after the end of the visit of King Faisal to France, etc., Prince Abdullah bin Abdul Aziz, Commander of the Saudi National Guards paid a week-long official visit to France from 27th June, accompanied by a delegation. On arrival, they were received by French Defence Minister M.Robert Galley. The Commander acquainted himself with French military activities and had talks with high French military officials. He also visited various Army establishments in France. In an address at a dinner in honour of the visiting Saudi Commander, the French Defence Minister said ".....The visit will give us the opportunity to cement the ties of cooperation between the National Guards and the French Army". The Commander in reply thanked the French Defence Minister for the warm welcome extended to him. Prince Abdullah paid courtesy calls on French Army Chief and French Premier M.Pierre Messmer.

4. Conference of Saudi Diplomats: Soon after the conclusion of the reported successful visit of King Faisal to Egypt,

-3-.....

NATIONAL ARCHIVES OF INDIA

France, Morocco, Italy, Algeria and Tunisia, a Conference of Saudi Heads of Missions abroad was held in Jeddah from 23-28 June 1973. The idea of holding this conference was to acquaint the Saudi Ambassadors with the details of successful visit of King Faisal which should be the guiding force for their working. The Ambassadors were apprised of the Middle East situation and the related policy of Saudi Arabia. The Saudi Ambassadors were also explained the latest policy of Saudi Arabia on her relations with different countries of the world and call for Islamic solidarity under the leadership of King Faisal.

The Conference was inaugurated by King Faisal at the Saudi Foreign Office in Jeddah. While speaking about the increasing danger of communism and zionism in the Arab world and the Gulf area in particular, the King observed that if the Arabs did not rise to the occasion and failed to unite, communism and zionism could threaten their very existence. Talking about the dangers being faced by the Muslims and Islam in various parts of the world, the King made a passing reference to the condition of Muslims in the Philippines and the situation in the Indo-Pak Sub-continent.

The recommendations made by the various sub-committees of the Conference which have since been put up to the King for approval have not yet been disclosed. According to some diplomatic contacts, the Conference, second of its kind (the first one held at the time of King Faisal's accession to the thrown) has not achieved any spectacular results except for the propaganda value for King Faisal and Saudi Arabia - acting as the Champion of Arab cause. According to a reliable report, the Conference also discussed 'Oil as a Political weapon' and the concensus of opinion was that Saudi Arabia should not annoy U.S.A. It may be recalled that there have been veiled threats that if United States did not change her present policy towards the Middle East, Saudi Arabia may cut down its production of oil thus adversely affecting the supplies to United States and Europe.

5. Sayid Omar Al-Sakkaf: Saudi Minister of State for Foreign Affairs Omar Sakkaf visited Venezuela through the end of May and the first week of June. He had meetings with Venezuelan President and the Minister of Petroleum of Venezuela. This is considered as a courtesy visit to strengthen the coordination within the framework of OPEC (Oil Producing & Exporting Countries). After Venezuela, Omar Sakkaf visited New York and delivered a speech before the Security Council on 13th June, when he called for Israeli withdrawal from Arab territory. Inviting the attention of the Council to the Preamble of the Charter of the United Nations which envisages to halt aggression and maintain world peace, Sakkaf said "Isn't it despotic that an international organisation should divide a peaceful country and give a large part of it to the aggressors" and warned "the Arab countries will have no alternative but to take the measures that force Israel to withdraw". On his way back home, Omar Sakkaf stopped over at Beirut and had a meeting with President Franjieh of Lebanon and other officials.

6. U.S.A.: In the beginning of June it was announced that Americans had expressed their readiness to sell Phantom Jets(F-4) to Saudi Arabia (and Kuwait) to maintain military balance in the Middle East in order to ensure a settlement for peace in the area. U.S.Secretary of State William Rogers, who explained the position of sale of Phantoms, downplayed the concern of Israel. Later, during the third week of June, the U.S.Undersecretary for Defence arrived at Jeddah reportedly to discuss matters of mutual interest (details have not been disclosed).

-4-.....

NATIONAL ARCHIVES OF INDIA

7. Yemen: Sheikh Abdulla bin Hussein Al-Ahmar, President of the Consultative Council in the Yemen Arab Republic, visited Jeddah on the 3rd June. The Sheikh accused the leftist government of Aden for the assasination of Sheikh Othman and said the Aden government was bent upon breaking up the unity of two Yemens (North and South) for the entry of communism in the Arab land. As reported earlier, Saudi Arabia also is not happy over the unity of the two Yemens because of its fear of losing control over the Y.A.R.

A Yemeni delegation, led by Sayid Muhammad Ahmad Noman, Deputy Prime Minister and Minister of Foreign Affairs, arrived Jeddah; Sheikh Sinan Abu Luhum, Governor of Hodeidah, also formed part of the delegation. On arrival, they were received Saudi Deputy Minister for Foreign Affairs and others. The delegation was received by the Crown Prince Khaled bin Abdul Aziz. Bilateral relations and close ties were discussed in the meetings of the delegations.

Y.A.R. Education Minister Sayed Ahmad Jabir Afif, paid a short visit to the Kingdom, on his way back home from U.S.A. where he had been to finalise arrangements for an educational project costing about US $25 million. The project may start next year.

Sayed Fahmi Al-Hamdani, Director of Yemen Airways, visited this Kingdom towards the last week of June. He said that his country having received great financial help from the Kingdom has enabled the Yemeni Airways to operate in the neighbouring countries and added that it was being planned to establish a joint air company with SAUDIA for strengthening the close cooperation between the airways of both the countries.

8. Oman: Omani Minister of Communications, Sayed Salem Rajab, paid a short visit to the Kingdom. He had a meeting with his Saudi counterpart Sheikh Muhammad Omar Tawfik. The visit is considered to be for maintaining close relations between Saudi Arabia and Oman.

Omani Labour Minister, Sayid Khalfan bin Nasser Al-Wuhaibi, also paid a short visit to Saudi Arabia during third week of June. He had meetings with his counterpart in connection with Omani youths' joining training centres in Saudi Arabia. The Omani Minister praised Saudi Arabia for its massive aid to Oman and said it reflected the feelings of fraternity.

9. France: An agreement for the establishment of a Model Technological Institute was signed between Saudi Arabia and France at Jeddah on the 6th June.

10. Malaysia: Malaysian Minister of Industry & Petroleum Sayid Al-Tayib Mahmoud Datu, accompanied by a delegation, arrived Jeddah on the 23rd June on an official visit. In a statement to the Saudi Press, the visiting Minister said he had come to seek Saudi cooperation in the field of petroleum know-how.

11. Egypt: Egyptian President Sadat's advisor Sayid Hassan Al-Tuhami and Sayid Ashraf Marwan the Presidential Information Secretary arrived Jeddah on the 26th June. Their activities were kept secret.

12. Kuwait: An air agreement between Saudi Arabia and Kuwait was signed on the 18th June. In this connection, a Kuwaiti delegation led by Sayed Abdullah Al-Samhan, Director of Civil Aviation, visited Saudi Arabia.

-5-.....

NATIONAL ARCHIVES OF INDIA

13. Syria: Mr.Hisham Nazer, Saudi Minister of State and President of the Central Planning Organisation, visited Syria for a few days from 17th June. On arrival, he is reported to have said that the purpose of his visit was to bolster up economic and trade cooperation between Syria and Saudi Arabia.

14. Tunisia: Sheikh Abdul Wahab Abdul Wassi, Minister of State and Chairman of the Control and Investigation Board of Saudi Arabia visited Tunisia from 20-25 June at the invitation of Tunisian Minister of Justice. The Saudi Minister had talks with Al-Hadi Nuweirah, Tunisian Chief Minister and Sayid Salahuddin Bali, Tunisian Justice Minister. His talks with Tunisians centered round mutual cooperation, specially in the field of public administration.

15. Indo-Pak Sub-Continent: Shri Zahir Ahmed, Ambassador of India, who arrived in the Kingdom on the 23rd June 1973, called on Sayid Omar Sakkaf, Minister of State for Foreign Affairs on the 24th and gave to him a copy of his Credentials. The Ambassador presented his credentials to the King on the 26th June at Al-Riyasa Palace, Jeddah. Accepting the credentials, King Faisal in his reply speech, while reiterating his desire to strengthen further the existing historic and friendly relations between the two countries, referred to the Muslims in India and stated that the Indian government should allow them to develop relations with the Muslims of the world. The King advised that the Government of India should have friendly relations with all her neighbours; obviously, he had Pakistan in his mind. Expressing concern about the fate of the Pakistani POWs held in India, the King stated that they should be immediately released.

After the ceremony, the Ambassador had a private meeting with the King for about 30 minutes where Advisors to the King and Omar Sakkaf were also present. The Ambassador frankly explained the stand and the position of the Government of India on the issues mentioned by the King in his speech (a special report has already been sent to the Ministry).

16. The relations between Saudi Arabia and Pakistan remained normal. The Pakistani diplomats, however, indulged in anti-India propaganda over the detention of POWs and justified their government's action in taking the matter to the International Court of Justice. They also made out that the trial of POWs by socalled Bangladesh could worsen the situation in the sub-continent. The Chief of the General Staff of Pakistan Army, General Rahim Khan paid a private visit to Saudi Arabia for performing 'Umrah'.

17. World Muslim League (RABITA): A Rabita delegation visited Mauritania in the first week of June. It was received and entertained by Mukhtar Ould Dada, President of Mauritania. The purpose of the visit was to create fraternal links between Mauritania and Rabita.

A Fact-Finding Delegation headed by Ibrahim Al-Sakkaf, Saudi Consul-General in Singapore, visited Philippines during the first fortnight of June to look into the reported injustice to the Muslim population of southern island of Mindanao. They were told by the Philippines President Marcos that his government was trying to solve the problem of the Muslim population economically instead of militarily. Marcos was also reported to have said that the conflict in Mindanao does not involve religion but economic matters especially land ownership; but the Muslim population has always been advocating that the local government uses military action just because they were Muslims.

-6-.....

NATIONAL ARCHIVES OF INDIA

On their way back, the Rabita delegation met with President Suharto of Indonesia on the 28th of June. President Suharto was apprised of the delegation's findings in the Philippines.

18. Islamic Conference: A delegation of the Muslim Association of South Korea called on Tunku Abdul Rahman, Secretary General of the Islamic Conference. Assistance for the South Korean Muslims was discussed.

19. Saudi Aid:

1. S.Rls.130,000 - Relief to Muslims of South Philippines by Muslem World League through Islamic Conference.

2. S.Rls.3,083,350 - for establishing an Institute for the blind in Oman.

3. US $25,000 for a mosque and US $50,000 for welfare of Moslems in South Korea.

20. Diplomatic: Saudi Arabia and Liberia have agreed to establish Consular relations between their two countries.

Canadian Ambassador-designate to Saudi Arabia, Mr.Jack Jinack, presented his credentials to King Faisal on 24th June 1973.

PRESS, CULTURAL & MISCELLANEOUS

21. The following news stories attracted the attention of mas-media in Saudi Arabia: Accident of Indian Airlines Boeing at Delhi, Automatic landing system at Delhi criticised, Possible Cabinet repercussions as a result of death of important minister, Arrest of Editor of Jasarath in Karachi, Arrival of Australian Prime Minister in Delhi, Muslim Personal Law Association holds meeting in Bombay, King Faisal donates SRls.100,000 for extension of Orphanage in Malabar, Saudi Minister of Education presents Islamic religious books to Jamia Milia Islamia at Delhi, The Magic of Yoga, India boycots International Court of Justice's hearing Pak POW complaint, Murder of Awami Party member in Dacca, Qadianis declared a non-Muslim sect in Saudi Arabia, Arabic language to be used in Pak passports, Criticism of elections in East Pakistan(Bangladesh), Bangladesh - Future Colony of China, CENTO considers Soviet Friendship Treaties with India and Iraq, Indefinite postponment of Brezhnev's official visit to Afghanistan (Observer - London), 15,500 Indian pilgrims may perform Haj this year, Indonesian-Indian Naval maneouvres, King of Iran interviewed by Times of India, Sardar Swaran Singh meets Egyptian Foreign Minister(Zayyat) in Copen-Hagen, Coverage of Indian Ambassador's Credentials presentation ceremony, Drowning Tragedy of s.s.SAUDI, Bhutto discusses with Leaders of Political Parties the question of recognition of Bangladesh, Bhutto wants solution of outstanding problems in the Indian Sub-Continent.

In the month under review, no anti-Indian piece was carried by local newspapers.

The Ambassador has seen and approved the Report.

(H. K. Malhotra)
First Secretary

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NATIONAL ARCHIVES OF INDIA

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EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73. 7th August 1973.

M E A (Historical Division)
Dy No. 4677 R & I/73
Date 18/8

POLITICAL REPORT FOR THE MONTH OF JULY 1973

PART-I - POLITICAL

SUMMARY

Saudi Arabia announced its record Budget for the new financial year 1393-94 AH corresponding to July 30, 1973 to mid-August 1974. The budget amounting to SRls.22810 million (equivalent to US$6115.3 million) represents an increase of US$2576.4 million over the last year budget, thus representing an increase of 72%.

While oil revenues represent 92.5 per cent of the budget revenues, the remaining percentage has been covered by revenues such as taxes and customs duties. Allocation for defence is placed at 25% of the total budget which obviously shows an increase over the previous year. This is due to the fact that Saudi Arabia has recently entered into big defence contracts with U.K. and is negotiating similar contracts with France and U.S.A. The emphasis in the budget has been on the over-all development of the country, particularly in the fields of education, transport and communication as also the raising of salaries of the government employees by 15% due to the rise in the cost of living throughout the country.

Crown Prince Khaled bin Abdul Aziz left the country on the 16th July on a private visit to Europe and U.S.A. It is reported that Khaled who is a heart-patient and was of late not feeling fit, has gone to USA for a thorough medical check-up. He had undergone a major heart operation some time in 1972 in the United States.

The important visitors to the Kingdom during the month were Iran's Foreign Minister; Emir of Bahrain; Sayid Yasser Arafat, Chairman of the Executive Committee of P.L.O.: Sayid Asharaf Marwan, President Sadat's Secretary for Information. Other dignitaries who visited Saudi Arabia during the month included Sayid Ahmad Noman, Deputy Prime Minister and Foreign Minister of Y.A.R.; Sayid Abdul Salam Al-Ansi, Deputy Information Minister of Y.A.R.; Personal Envoy of President Boumedienne of Algeria; Special Advisor of Sultan Qaboos of Oman and Sayid Zaid Al-Rifaee, Prime Minister of Jordan; nothing of interest came to our notice except that the personal envoy of Algerian President came to request King Faisal to attend the forthcoming non-aligned conference.

Sayid Omar Al-Sakkaf, Minister of State for Foreign Affairs, paid visits to Qatar and Ethiopia. The Commander of the National Guards, Prince Abdullah bin Abdul Aziz returned to the country after his visit to France, U.K. and a private visit to Morocco.

DOMESTIC AFFAIRS

Nothing special to report.

EXTERNAL RELATIONS

2. Iran: The Foreign Minister of Iran, Dr.Abbas Ali Khalatbari, accompanied by a high-power delegation, including Sayed Nasser Muhammad, Head of the Ninth Political Department,

-2-.....

NATIONAL ARCHIVES OF INDIA

Dr.Ridha Qassimi, Head of the First Diplomatic Department and others, paid an official visit to Saudi Arabia from July 1-6,1973. During his stay here, the Iranian Foreign Minister held talks with King Faisal and the Minister of State for Foreign Affairs. The visit appeared to be in response to Omar Sakkaf's invitation extended to Dr.Khalatbari during the former's visit to Iran in December 1972. Talking to newsmen on arrival, the Iranian Foreign Minister said that Saudi Arabia and Iran are the two biggest Islamic states in the area having vital common interests and that his talks with the Saudi Government would be a follow-up of the talks held earlier in Tehran. He added that his country's relations were good with all Arab and Islamic countries with the exception of Iraq. While talking about Iran's attitude towards Arab issues, Khalatbari said that the Shah had condemned the occupation of Arab land by Israel and eversince Iran had been loyal to this conviction and his country supported the U.N.Resolution 242 and legitimate rights of Palestinian people.

The two leaders, aided by their respective delegates,held three sessions wherein they reportedly discussed the matters of international, bilateral relations and Arab and Palestine issues. Omar Sakkaf and Khalatbari also held an exclusive meeting for two hours when no aides were present. The sentiments of cordiality, cooperation and closeness stressed during the visit by the two Foreign Ministers for their respective countries have been noted with interest by political observers who however feel that nothing sensational has come out of the visit except that the two sides gauged each other's reactions towards growing influence of their countries in the Gulf area. The Saudis were, however, able to get Iran's unstinted support for the Palestinian and Arab cause. According to some contacts, the question of forming of a Defence alliance for the protection of the Gulf area was also discussed during the visit. Though the two sides reiterated their agreement over the preservation of peace in the Gulf region, the Saudis are reported to have politely expressed their inability to join any Defence Pact which, according to them, might add to the tension in the area.

In a statement to the Iranian Radio & TV team, Sayid Omar Sakkaf, while stressing the existence of strong relations between the two countries, stated inter alia that whatever was being built in Saudi Arabia and Iran was for the betterment of Islam and the Muslims all over the world and added further that each factory and gun of Saudi Arabia was for the defence of Iran and any other Muslim country (it may be a symbolic statement but it is difficult to see how Saudi "guns" will be required by Iran which is itself engaged in a heavy armament build-up. As a matter of fact, Saudi Arabia has always been apprehensive of Iran's military might and her growing influence in the Gulf). In reply, the Iranian Foreign Minister said that his government's only wish was to promote relations between the two countries for their common good and expressed the hope that all the differences would be ironed-out. In a departure statement, Dr.Khalatbari said that they agreed on safeguarding peace, security and stability in the Gulf region and that foreign powers, big or small, should not be allowed to interfere in the affairs of the region and also that the cooperation whould be achieved among all the countries of the region for the purpose. At the time of the departure of the Iranian Foreign Minister, Omar Sakkaf described the visit by the Iranian Foreign Minister to the Kingdom as a great success.

3. During his stay in Saudi Arabia, Dr.Khalatbari gave an interview to the daily Al-Medina, a government-controlled paper, in which he said, "We have no ambitions or expansionist aims behind our vast arms programme" and added "His Majesty the Shah of Iran condemned the seizure of the territories of other countries by force even before the Arabs did so." He elaborated, "Iranian emigration to the Gulf Emirates is a natural process and Gulf

-3-.....

NATIONAL ARCHIVES OF INDIA

states have asked us for additional Iranian manpower" and "we reject foreign interference in our Region and we cooperate with our neighbours on this basis" and added "it is absolutely wrong to think that we have in mind any plan to control the territories of our neighbours. We ourselves have enough land that will take us a considerable number of years to develop."

Referring to Indo-Pak Sub-continent, he said that separation of formerly East Pakistan - and now Bangladesh - has very much "affected us" and that "as long as Pakistan does not recognise Bangladesh, we will not recognise it as a separate country." He expressed concern over the latest developments in Pakistan and said "this might mean a beginning of the disintegration of what is left of Pakistan - West Pakistan". If any foreign power interferes to disintegrate Pakistan, "we will assist Pakistan", the Iranian Minister said. Dr.Khalatbari concluded: "apart from that, we have normal relations with India. Our relations will continue to be as such and we think that this does not go against the interests of Pakistan. On the contrary, having close relations with India might make it possible for us to bring those two great countries of the Sub-continent closer together so as to be ready to make peace."

4. Bahrain: Sheikh Issa ibn Salman Al-Khalifa, Emir of Bahrain, arrived in Jeddah on 14th July for a three-day visit to the Kingdom. He was received at the airport by King Faisal, his Cabinet Ministers, members of diplomatic corps and senior Saudi officials. Talks between the two sides were held at a meeting on the 14th July when bilateral relations and matters of interest to both the countries as also the stepping-up of cooperation in all fields were reportedly discussed. Aided by their respective officers and ministers, the Emir and King Faisal had a meeting on the 15th July. The Emir also visited Air Defence School at Jeddah and left Saudi Arabia on the 16th July. A joint communique issued after the visit stated inter alia that the talks on bilateral relations revealed Saudi Arabia's full support to Bahrain in all fields and the two leaders affirmed their determination for mutual cooperation. The Saudi support for construction of a Dry Dock in Bahrain was also appreciated. On the Gulf situation, the communique said that the two leaders expressed their readiness to coordinate their efforts to check infiltration by any elements aiming at destroying the Islamic faith and obliterating the immortal Arab heritage. They also resolved to work for the security and stability of the area. While supporting the Palestinian people and condemning the Israeli aggression, the two leaders called for the united efforts by Arab and Islamic world for the pooling-up of their resources in preparation for the battle of destiny and liberation of territories and the holy places.

It is also reported that King Faisal acquainted the Emir with the results of the visit of Iranian Foreign Minister to the Kingdom. According to an unconfirmed report, the King reportedly advised the Emir of Bahrain to use his influence with the United Arab Emirates not to let Iran have a free hand in the Gulf.

5. Qatar: Sayid Omar Al-Sakkaf, Minister of State for Foreign Affairs, paid a short visit to Qatar from July 7-8,1973. He was received by Sheikh Khalifa bin Al-Thani on the same day. During the meeting, Arab and international issues in general and bilateral relations in particular were discussed. Omar Sakkaf also held discussions with his counterpart. He also visited the Qatari Training and Development Institute.

Sheikh Khaled bin Nasser Al-Thani, Qatari Minister of Economy and Commerce, accompanied by a delegation, arrived in Riyadh on the 14th July and held discussions with the Saudi

-4-.....

NATIONAL ARCHIVES OF INDIA

Minister of Economic Affairs. An economic agreement between Saudi Arabia and Qatar was signed on the 15th July which envisages free movement of trade, goods and citizens between the two countries. Saudi Arabia will give preferential treatment to the Qatari goods. However, the nature of goods and the volume of trade is not disclosed. The Qatari Minister left for Doha on the 16th July.

General Hamad Al-Thani, Commander-in-Chief of Qatari Armed Forces, arrived in Riyadh on the 14th July and held a meeting with the Chief of Staff of the Saudi Army, General Hamad Al-Shumaimry. The Qatari C-in-C visited Saudi arms and ammunition factories at Al-Kharj on the 15th July and praised the standard of achievement by these factories. He also visited the Air Defence School, Jeddah, and other military establishments in Abha and Khamis Mushait on July 16 and 17, and left for his country on the 17th. He was also received by King Faisal. In a statement, the Qatari C-in-C praised the efficiency and ability of the Saudi Armed Forces. The General said that there would be cooperation in future between the two countries in the military field. It is reliably learnt that Saudi Arabia has offered the services of experts for the training of Qatari Armed Forces and has also offered the sale of small arms and ammunition to that country. Further details are not known.

6. Palestinian Liberation Organisation: Sayid Yasser Arafat, Chairman of the Executive Committee of P.L.O., accompanied by a delegation, including Sayid Abu Mazen (Member of Executive Committee, Fateh), Sayid Abu Al-Hassan (Member of Revolutionary Council and Political Counsellor), Sayid Abu Adib (Member of the Revolutionary Council of Fateh) and Sayid Abu Hisham, Fateh representative in Saudi Arabia, arrived in the Kingdom on the 14th July. They were received at the airport by Prince Fawaz bin Abdul Aziz, Governor of Mecca and the Saudi Chief of Protocol. Arafat and his delegation were received by King Faisal on the 15th. The P.L.O. leaders met the Saudi Defence and Interior Minister on the 16th and held prolonged discussions with them. They also held separate meetings with Dr.Rashad Faroun, Special Counsellor to the King, and the Commander of Jeddah Garrison.

According to a Saudi news agency report, King Faisal assured Arafat that there was no change in the Saudi attitude vis-a-vis the Middle East Conflict. The King reportedly said that it was not a matter of finding a home for the dispersed Palestinian people, but a matter of regaining the usurped Arab land with all all the Islamic shrines there which they can never abandon, whatever the circumstances. This statement of the King has been interpreted as a rejoinder to the suggestions which called for the creation of a Palestinian State or any kind of a dialogue with the enemy (obviously this points to the suggestion of President Bourgiba of Tunisia to carve out a separate State for Palestinians in the trans-Jordan area). The press agency further quoted a Palestinian source as saying that Arafat thanked King Faisal for his stand and refuted the rumours which had said that some of the Palestinian Resistance Organisations had approved the Palestinian State scheme. Arafat in a press statement denied the knowledge of President Bourgiba's initiative and the reported plan of forming a Palestinian State and reiterated the right of his people to liberate their usurped land from the enemy.

Addressing the Palestinians living in Saudi Arabia, Sayid Arafat said that Saudi Arabia fully supports the Palestinian resistance with all its potential. He added that he did not blame the Washington Summit (between President Nixon and President Brezhnev) because it failed to bring a solution to the Middle East crisis but all the same it recognised for the first time the rights of the Palestinian people. Arafat advised the Palestinians

-5-.....

NATIONAL ARCHIVES OF INDIA

53

to forge unity in their ranks and avoid wasting their energy in futile battles (presumably referring to the clashes between the P.L.O. members and Lebanese forces in Beirut). Arafat left for Cairo on the 18th after completion of his visit to Saudi Arabia.

Though strict secrecy was observed by the Saudi Government regarding their talks with the P.L.O.leader, yet it was reliably understood that the arrival of Arafat in the Kingdom, which coincided with the visit of Emir of Bahrain, was not to the liking of the Saudi Government. It is said that the King had indicated to Arafat to postpone his visit for a couple of days. It is believed that the meetings of Arafat with the Saudi Defence and Interior Ministers were of significance. It is said that Arafat was here to seek more arms and financial aid from the Saudi Government. Though King Faisal would be willing to increase the financial assistance to the P.L.O., yet he would not place the arms in their hands which can be turned against this country - as it happened in Lebanon recently. After the Khartoum incident, Prince Khaled bin Abdul Aziz, brother of the King and Interior Minister, had reportedly taken a tough attitude against the Palestinians and even had ordered a few hundred of them to leave Saudi Arabia. It is said that on a direct appeal made by Arafat to King Faisal, the decision was revoked and the King advised his brother to go slow with the P.L.O. It was also rumoured that King Faisal had advised Arafat to avoid confrontation with Lebanon as also with Jordan and to reject any proposals for the creation of a Palestinian State which might jeopardise the rights of the Palestinians or the sovereignty of Jordan.

7. Egypt: Sayid Ashraf Marwan, Information Secretary of President Sadat, arrived in the Kingdom twice during the month of July and had audiences with King Faisal. Sayid Marwan is also known as Secretary of the Egyptian-Libyan United Political Command. He visited the Kingdom during the last week of June also. A possible visit by President Sadat to the Kingdom is reported to have been discussed at the meetings with the Saudi authorities. The Egyptian Petroleum Minister visited the Kingdom on the 13th July and had talks with his counterpart, Sheikh Ahmad Zaki Yamani. He performed 'Umrah' also.

8. Ethiopia: Sayid Omar Al-Sakkaf, Minister of State for Foreign Affairs, accompanied by a delegation, paid a three-day visit to Ethiopia (July 18-21) at the invitation of his counterpart. The Saudi delegation held discussions with the Ethiopian Foreign Minister. Sakkaf had a closed-door meeting with the Prime Minister of Ethiopia and was also received by the Emperor to whom he conveyed a personal message of King Faisal. It is understood that the visit pertained to the African support on the Middle East and the Palestinian issues in and outside the United Nations. Sakkaf also reportedly took the opportunity to discuss the question of Muslims of Eriteria with his Ethiopian hosts.

9. U.S.A.: An American press delegation representing the "Christian Science Monitor" and "The Washington Post" arrived Jeddah and had a meeting with Minister of State for Foreign Affairs, Omar Sakkaf, on the 5th July. Also Mr.Georgina Gayer of Chicago Daily News was received by Omar Sakkaf on the 25th July.

10. Commander of National Guards: After a visit to Paris, Prince Abdullah bin Abdul Aziz, Commander of National Guards of Saudi Arabia visited Britain from 4th July 1973, at the invitation of Lord Carrington, the British Defence Minister, who received him on arrival. The next day, the Commander met his counterpart in the Ministry of Defence and had a meeting with Lord Ian Gillmore, the Minister of State for Defence Affairs. In another meeting with Lord Carrington, the Commander conferred with Sir Lister Sfield, the Defence Ministry Sales Chief. In a welcome speech, at a dinner given by him in honour of the Saudi Commander,

-6-.....

NATIONAL ARCHIVES OF INDIA

Lord Carrington commended the friendly relations and fruitful cooperation between the two countries and paid tribute to the National Guards. Prince Abdullah, in reply said "... while we expend efforts to provide the National Guards with the means of power, it is because we intend to place this power in the service of justice and not for aggression especially in a region where Israel has spread the law of the sword and aggression forgetting the fact that whatever is taken by the sword shall be restored with the sword", and concluded by thanking Lord Carrington for the welcome and hospitality extended to him. The Prince visited Royal Artillery School, witnessed the demonstration of Royal Armoured Corps, saw special trials of sophisticated tanks and aircrafts specially surface to air missile "Rapier", and attended a lecture on "attack" at the Sandhurst Military Academy. The Saudi Commander visited Camberly's Royal Military Academy also.

11. Indo-Pak Sub-Continent: The Saudi Government continued to be obsessed with the detention of POWs in India and the Bangladesh's plans to try 195 of them. The Saudi Deputy Minister for Foreign Affairs, Sheikh Ibrahim Masoud, while raising this issue, reiterated Saudi stand that relations with India would automatically improve once the POWs were released unconditionally by India. Sheikh Masoud also expressed his Government's concern on the frequent communal riots in India. Government of India's stand on the question of POWs was explained to the Saudi Minister. The Saudi Petroleum Minister, Sheikh Zaki Yamani, likewise commented that once current problems between India and Pakistan were amicably settled, India could expect greater co-operation from Saudi Arabia especially in her needs for oil and trade between the two countries. The recent Indo-Pak official meeting held in Islamabad was watched with interest by the Saudi Government. They hoped that this dialogue will result in the amicable settlement of the problems in the region. The Saudi government-controlled press also evinced interest in the official-level Indo-Pak talks. Among the conflicting statements of President Bhutto, recognition of Bangladesh by Pakistan, the press stated "will obliterate the hatred of the past" and "will open a new page" between Bangladesh and Pakistan. At the same time, the press argued that this "might also carry some encouragement for the secessionist movements among the Pathans and the Baluchis of Pakistan itself." On the Arab recognition of Bangladesh, the press commented that the Muslims of Bangladesh have been viewed as "brethren in the Islamic world", but they would like to wait till Pakistan itself becomes clear on the subject of recognition, since Pakistan has always been supporting the Arab causes. It has further been mentioned in the press that the sub-continent will now have a "decade of relative calm" to direct its attention towards the prosperity of the people.

12. Afghanistan: The Saudi Government has not yet recognised the new republic regime in Afghanistan. Though no official reaction to the developments in that country have been made public, yet a section of the government-controlled press while giving factual information about the coup, made-out that it was supported by the Soviet Union and that Sardar Daud Khan was a pro-Russian. The Saudi Government has been awaiting reports from its envoys posted around Afghanistan and is likely to recognise the new regime. Incidentally, the Saudi Ambassador posted in Kabul who had been in Jeddah at the time of the coup has not been sent back to his post. The Afghan Ambassador in Saudi Arabia who was on leave during the period the changes took place in Afghanistan, was ordered by his government to return to his post. He met the Deputy Foreign Minister, Sheikh Ibrahim Masoud, on 21st July, 1973, to brief him on the situation.

13. Islamic Secretariat: According to a statement issued by the Islamic Secretariat during the month, a fact-finding mission

-7-.....

NATIONAL ARCHIVES OF INDIA

comprising members from Saudi Arabia, Libya, Senegal and Somalia will be visiting the Philippines in the near future to hold talks with competent authorities there on the issue of the Muslims of that country.

In another statement Tunku Abdul Rahman has stated that Pope Paul VI had agreed to discuss with him the plight of the Muslims in the Philippines. Tunku will be meeting Pope some time in August 1973.

14. Saudi Aid:

1. US $1,320,145 to the Yemen Airlines of YAR, for repairs of civil aircraft, purchase of spare parts and construction of some installations. It may be recalled that at a recent meeting between the delegations of Saudi Arabia and Y.A.R. Civil Aviation, a decision was taken to have a combined air-service by the two countries.
2. US $5,000 to the Dar as-Salam Islamic University in north Sumatra(Indonesia).

15. Diplomatic: Mr.Kyung Do Yun, Ambassador of Republic of Korea (South), presented his credentials as the new envoy of his country to King Faisal on the 17th July 1973.

PRESS, CULTURAL & MISCELLANEOUS

16. The local press gave factual reports about the official-level Indo-Pak Talks held in Islamabad, Indian Foreign Minister's visit to Iran and the reported desire of India for non-intervention in Pakistani affairs and a Pak protest on the killing of three POWs in India. A section of the press, however, blamed Bangladesh being a hurdle in the solution of the problems of POWs and commented that the Indo-Soviet Treaty served to disintegrate Pakistan. News about economic conditions in India and disturbances in Ahmedabad were also highlighted. A statement by the leader of the Rabita Delegation which unofficially visited India recently, conveying the assurances of the Indian officials that Aligarh Muslim University's minority character would be maintained and the Muslim Personal Law would not be modified without reference to the Muslims themselves, was given prominence. Foreign agency reports regarding the Coup in Afghanistan were also reproduced in the local press.

(ZAHIR AHMED)
Ambassador of India.

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NATIONAL ARCHIVES OF INDIA

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Embassy of India
Jeddah

No.JED/101/27/P/73 7th August 1973.

Political Report for July 1973

Part II ..... Economic.

INTERNAL ECONOMIC DEVELOPMENTS

Saudi Budget:

The Kingdom of Saudi Arabia has announced its budget for the new financial year 1393-1394 A.H. commencing from first of Rajab corresponding to 30th July 1973. Both revenues and expenditure for the new fiscal year are balanced at S.Rls.22810 million compared to S.Riyals 13200 million in the previous year thus showing an increase of about 72%. The budget is the largest ever in the history of the Kingdom. The following are the important features of the Budget:

i) Oil revenues represent 92% of the Budget revenues and the remaining percentage has been covered up by other revenues such as taxes and customs dues.

ii) 62.5% of the total budget has been directed towards capital spending while the remaining 37.5% has been allocated for current operational expenditure of which 15.7% goes to salaries of employees and allowances and 21.7% goes to other current expenditure.

iii) Military spending represents 25% of the total budget. The Arab assistance offered to Egypt and Jordan amounts to S.Rls. 660 million.

iv) Provision has been made for the increase in the salaries of Government employees so as to enable them to meet the increase in prices of commodities. The minimum scale of the increase is 15% which rises gradually as regards junior, civil and military employees.

v) The allocations for the General Investment Fund and Petroleum participation amount to S.Rls. 2552 million. The Budget General Reserves amount to S.Rls. 452 million.

vi) The appropriations of the Ministry of Agriculture and Water amount to S.Rls. 1032 million thus showing an increase of 46%. The important new projects are the extension of the Water Desalination Plants, construction of water networks, the drilling of water wells and the erection of Dams. Allocations have also been made for immediate cash subsidies that are paid for agricultural machinery and fertilizers thus allowing for their local sale at reduced prices. Besides necessary funds have been allocated for the payment of cash subsidies to the wheat and rice growers.

vii) The total provisions for communication and transport sector amount to S.Rls.2886.5 million which constitute an increase of 37%. The important

.../2

NATIONAL ARCHIVES OF INDIA

projects for which funds have been earmarked are the construction of four new landing piers at Jeddah seaport including a store house and equipment needed for such piers and three new piers at Dammam seaport together with their requirements. In the roads sector, the most significant project is the third stage of the pilgrims' road the cost of which total S.Rls.160 million. As regards telecommunications sector, 21,000 new automatic telephone lines are proposed to be installed in the new fiscal year; the telex network will be expanded and telegraphic lines and exchanges increased between Riyadh, Dammam and Jeddah upto 1300 lines; manual exchanges will be converted to automatic ones in 10 towns (the important telecommunications projects under execution are the second stage of the long distance telecommunications to link the main cities and the two ground satelite stations, installation of the co-axial cable between the Kingdom and Kuwait as well as the marine cable between the Kingdom and Sudan);the construction of new Jeddah international airport.

viii) The cost of municipalities and independent water utilities amount to S.Rls.330.9 million. Provision has been included for the creation of 13 new municipalities. The projects include opening of streets, asphalting of streets, construction of side walks, lighting, sewerage projects, drainage of floods and the building of utilities related to the municipalities.

ix) In the Commerce and Industry, the most important project is the Grain Silos Project. A sum of S.Rls.8 million has been allocated for the Wheat Silos and Flour Mills Public Corporation.

Islamic Bank:

2. Economic experts from member countries of the Islamic Conference held a meeting during the month at the Islamic Secretariat to discuss the main issues related to the establishment of the proposed Islamic Bank. The meeting was inaugurated by Mr. Tenku Abdul Rehman, the Secretary General of the Islamic Conference. The Secretary General said that the aim of the meeting was to agree in principle on the establishment of the Bank and to lay down a full action programme for presentation to finance ministers of the member countries at a meeting scheduled to be held in Nairobi shortly. Economic and Banking experts from five Islamic countries viz. Malaysia, Morocco, the Arab Emirates, Oman and Saudi Arabia held three meetings which were centred on a working paper submitted by the Economic Affairs Department of the Islamic Secretariat. The paper was examined and several amendments to it were submitted (details have not been made public yet). However, the functions of the Bank as envisaged by the banking and economic experts are likely to be as under:

i) To invest available funds in projects yielding lucrative dividends and to take effective part in development projects in the Islamic countries.

ii) To grant interest-free loans and provide member countries with the necessary guarantees.

.../3

NATIONAL ARCHIVES OF INDIA

iii) To accept interest-free deposits; and

iv) to encourage the investment of public and private funds in spheres beneficial to development aims in Muslim countries and societies.

The conferees will submit their recommendations along with other related documents to a meeting of Ministers of Finance of Islamic countries. Most likely it will be held in September in Nairobi when they will be assembling there for a meeting of International Monetary Fund. So far very few Islamic countries have shown an active interest in the new project. Efforts are likely to be made to secure the active participation of a number of Islamic countries in Nairobi.

Co-axial Cables, Microwave Network Contract:

3. The Saudi Minister of Communications Sheikh Muhammad Omar Tawfik, signed a contract with the Italian firm of Sirti for undertaking the backbone telecommunications project at a cost of S.Rls.195 million. The contract covers the supply and installation of apparatus and equipment as well as other services for the project, including its operation and maintenance for one year after completion. The scheme will link the Western Province along the Red Sea with the Central Province and the Eastern Province on the Gulf starting from Jeddah and including Mecca, Taif, Riyadh, Hofuf and Dammam along with all the nearby towns and villages with microwave and co-axial cable networks. When completed, the project will be fit for transmitting television programmes both ordinary and colour and will provide 1200 telephone channels simultaneously for all the above towns and villages, in addition to emergency and first-aid telephones at all the police stations and at each 20 kilometres of the Taif-Riyadh road. The project will enable the subscribers to dial directly in the area. The project also provides for direct dialling with foreign countries.

Civil Aviation:

4. Saudi Vice Minister of Defence and Aviation disclosed to the press that two new Boeing-707 passenger jets will be added to the Saudia fleet next month. Another two aircraft of the same type will arrive next year to boost the Saudi Arabian Airlines. As regards the Jeddah international airport, the Minister said that offers for undertaking the construction of this airport will be opened after six months and the airport will meet all the requirements of an ultra-modern airport especially for serving the pilgrims. Meanwhile, it has been reported by the Director of Saudia (Saudi Arabian Airlines) that Saudia has considerably improved its position in the number of passengers, miles covered and revenues as compared to last year. Passengers transported by Saudia during April 1973 exceeded estimates by 26% and rose by 47% as compared to the corresponding month in 1972. Passenger miles covered during the same month rose by 25% over the corresponding month in 1972. Similarly rise in revenues in April this year stood at 25% over estimates and at 55% as compared to the same period last year.

.../4

NATIONAL ARCHIVES OF INDIA

Contract for Grain Silos Studies:

5. A contract valued at S.Rls. 12.5 million was signed by the Saudi Minister of Commerce Sheikh Muhammad Al-Awadhi with a leading international firm specialised in grain silos, flour mills and animal feed for advisory services. The agreement provides for comprehensive studies and advisory engineering services, preparation of designs and specifications for the project and supervision of implementation, the drawing up and application of technical, financial, administrative and marketing systems as well as the training of Saudi nationals on the operation and management of the project.

Steel Plant:

6. An agreement was reached between the General Petroleum and Mineral Organisation (Petromin) and the U.S. firm, Marcona, for starting the final stage of the feasibility study for the projected steel plant in Saudi Arabia. The plant will use natural gas from the oil fields, while iron ore for the project will be imported from Brazil. (Further efforts will be made to persuade Petromin to meet their requirements of iron ore from India.)

Copper Exploration:

7. Dr. Abdulhadi Hasan Taher, Governor of Petromin signed contracts with a number of American and French firms for exploration and exploitation of copper in many areas of the Kingdom. Speaking to the press after signing the contracts, Dr. Taher said that studies and prospecting carried out by experts of Petromin on mineral ores deposits especially copper, were encouraging. Petromin's share of the capital of these ventures amounts to 51%.

8. Riyadh Power Plant: The Riyadh Electric Power Company has concluded an agreement with the Swiss firm, Brown Boveri- Sulzer Turbomachinery Ltd., Zuric, to build a new power generation station in Riyadh with a capacity of 100,000 kilowatts. The station will meet the requirements of the capital and its environs. The project has been assigned on a turn-key basis at a cost of about S.Rls.114 million.

9. Development of Postal Services: An agreement for the development of postal services in the Kingdom costing S.Rls.1.2 million was signed by the Saudi Minister of Communications with a French firm, Somepost Internationale. The agreement provides for preparing the preliminary plans for the construction of three postal centres in Riyadh, Jeddah and Dammam, training programme and improvement of postal services in these centres.

10. Khobar, Khafji Desalting Plants: An agreement was signed by the Minister of Agriculture and Water with Conam Services Inc. of the U.S. for the operation and maintenance of the Khafji and Alkhobar sea water desalination plants for the period of five years at a cost totalling S.Rls. 88 million.

11. Road Contracts: During the month under review the Saudi Minister of Communications Sheikh Muhammad Omar Tawfik signed some important road contracts as per details given below:

i) Contract for two sections of 164-km. long Taif-Abha-Jizan highway costing S.Rls. 336 millionwas awarded to Ibn Laden Establishment of Jeddah.

ii) Contract for the construction of road links of Rass-Jamsha, Dakhna and Upper Zabadi at a cost of S.Rls. 31 million was signed with Technical Works Co. "Technico", P.B.No.2734, Riyadh.

.../5

NATIONAL ARCHIVES OF INDIA

iii) Contract for preparing studies and designs of the Khamaseen-Tathleeth-Khamis Mushayt Road costing S.Rls.3.2 million was awarded to a Japanese firm, Pacific Consultants International.

iv) Contract for preparing studies and designs of the Hammatiyat-Riq'ee-Hafr Albaten-Majma'a road costing S.Rls. 9.9 million was signed with the Canadian firm, Cansult.

12. Soap, Shampoo Plant: The Foreign Capital Investment Committee of the Ministry of Commerce and Industry has given its approval to the establishment of a plant for the production of soap bars, shampoos and other byproducts under the brand names of 'Lux', 'Lifebuoy' and 'Sunsilk' with a capital of S.Rls.1.5 million. It is a joint venture by four Saudi firms namely (i) Shinkar & Bin Zagr Co., (ii) Wahib Sa'eed Bin Zagr & Bros. Establishment, (iii) Wahib Faisal, Muhammad, and Abdullah Sa'eed Bin Zagr, and (iv) Muhammad Saleh Awadh & Bros., sharing S.Rls.900,000 with a foreign partner, Unilever Exporting Co. Ltd. which will share S.Rls.600,000. Annual capacity of the plant will be Lux-1000 tons, Lifebuoy -130 tons and Sunsilk shampoo - 30 tons.

External Economic Relations

13. Commerce Minister visits Syria: Saudi Minister of Commerce & Industry Sheikh Muhammad Al-Awadhi paid a visit to Syria. Apart from having talks with the Syrian Premier Sayyed Mahmoud Al-Ayyoubi he also visited the Saudi pavillion at the Damascus International Fair.

14. Qatari Minister of Trade and Economy: Sheikh Nasser Ibn Khaled Al-Thani, the Qatari Minister of Trade and Economy visited the Kingdom and held talks with Saudi officials on trade matters between the two countries. An economic agreement is reported to have been signed between the two countries. The agreement is to provide facilities for the creation of joint economic activities between the two countries and will facilitate the marketing of industrial products of each country in the other's markets.

15. Somali Delegation: A Somali delegation headed by the Somali Airways Chairman of the board Sayed Hussein Mahmud Muhammad visited the Kingdom and held talks on the opening of an air route between Saudi Arabia and Somalia. The talks concluded successfully.

16. Arab Finance Ministers' Conference: Saudi delegation led by Sayed Hisham Nazer, the Minister of State and Chairman of the Central Planning Organisation left for Cairo to participate in the Arab Finance Ministers Conference held in Cairo during the month.

Indo-Saudi Relations

17. Shri S. Ketharaman, Transport Adviser, Indian Oil Corporation, visited Riyadh during the month and held talks with Petromin regarding tanker schedules and requirements of additional crude by India. He was assisted by Shri Prakash Shah, Counsellor, Embassy of India, Teheran and Shri M. M. Husain, First Secretary (Com) in this Embassy.

18. Col. P. K. Chakravarty of Engineering Projects (India) Ltd. visited Jeddah during the month. He was introduced to some of the top firms in the construction line in Saudi Arabia. He also familiarised himself with the feasibility studies on the setting up of new industries conducted by the Saudi Industrial Studies and Development Centre. Response from the Saudi parties was quite encouraging and the contacts are likely to be followed up by the Indian party.

(Zahir Ahmed)
Ambassador

NATIONAL ARCHIVES OF INDIA

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Dy No. 5336 K&I/73
Date 21/9

SECRET

EMBASSY OF INDIA
JEDDAH

No.Jed/101/27/P/73. 11th September 1973.

To: The Foreign Secretary,
Ministry of External Affairs,
New Delhi.

POLITICAL REPORT FOR AUGUST 1973.

Sir,

I have the honour to submit my political report for the month of August 1973.

SUMMARY

There was no significant internal development during the period under report. The Saudi efforts to strengthen their position and the leadership of King Faisal in the Arab world, however, continued unabated. The two interviews - one to N.B.C. of USA and the other to Al-Hawadees of Lebanon - given by King Faisal, warning the United States with freezing of oil production if she did not review her policies in the Middle East vis-a-vis Israel, brought him into prominence in the foreign press and the Saudi Government felt satisfied with the publicity generated by these interviews. Added to this, the latest interview given by King Faisal to Newsweek has further enhanced his prestige in the Arab world.

2. In the external field, the visits to Jeddah of the Egyptian President, the Emir of Kuwait and the Ruler of Ras al-Khaimah were considered important. Subjects like the use of oil as a political weapon and the Non-Aligned Summit were reportedly discussed by President Sadat and the Emir of Kuwait with King Faisal.

The other visitors to Saudi Arabia during the period included Sayid Mohd.Noman, Deputy Prime Minister and Foreign Minister of Y.A.R. and Col.Husain Al-Masawari, Chief of Staff of Y.A.R. Besides holding discussions with Saudi leaders, they were also granted audience with the King. A special aide of the President of the Republic of Korea (South Korea) visited the Kingdom during the month, delivered a personal message from the President to King Faisal and met the Crown Prince and the Deputy Foreign Minister. A South Korean Trade delegation also arrived in Jeddah on the 28th August to hold talks with the Saudi authorities for the promotion of trade between the two countries.

3. Indo-Pak official Talks at New Delhi during the month were watched with considerable interest. Though there has been no official reaction, the Saudis appear to be generally satisfied with the agreement reached between the two countries on the repatriation of POWs and other civilians. They, however, still maintain that the 195 Pak POWs, who will be held back in India, should also be released and there should be no trials by Bangladesh.

4. Saudi Arabia took part in the second meeting of the Arab Maritime Law Committee held in Alexandria in Egypt. Matters concerning depth and extent of territorial waters were discussed in preparation for an international conference to be held in the future.

-2-.....

NATIONAL ARCHIVES OF INDIA

INTERNAL

5. Crown Prince Khaled bin Abdul Aziz returned to the Kingdom on the 11th August after a medical check-up in the United States and Switzerland. It was earlier reported by us that of late the Crown Prince was not keeping fit.

The Saudi Ministry of Education announced its decision to send a large number of instructors to teach in Algiers and Arabian Gulf States as part of the Kingdom's contribution to the educational renaissance in these countries.

Under the expansion and development programme of the defence potential of Saudi Arabia, the construction of a military city at Tabuk (bordering Jordan) which includes a Royal Saudi Air Force base and accommodation for more than a Division of army, has been completed and will be inaugurated shortly by the King.

In view of the expansion of the armed forces and the related contracts for the purchase of military hardware from USA, UK and France, the Saudi Government has redesignated the Heads of the Army; the Air Force and the Navy as General Chief of Staff, Commander of the Air Forces and Commander of the Naval Forces respectively. This has been presumably done to give an impressive status to these chiefs.

EXTERNAL

6. Egypt: In the wake of the Egyptian disenchantment with the big powers for shelving the Middle East crisis and the reaction caused in the Arab World in general, President Sadat of Egypt made hurricane visits to Saudi Arabia, Qatar and Syria reportedly to rally the Arab ranks politically, militarily and economically. President Sadat, accompanied by Presidential Secretary of Information Sayid Ashraf Marwan, Dr.Abdul Aziz Hijazi and Sayid Hasan al-Tuhami arrived in Jeddah on the 23rd August on a "secret" visit though the reports about the planned visit to these Arab countries had already appeared in the Beirut press. The Egyptian President held prolonged meetings with King Faisal where questions like the situation in the Middle East, bilateral and international issues, the Non-Aligned Summit and the use of Arab Oil as a weapon were reportedly discussed.

According to fairly reliable reports, the two leaders reiterated their belief that all Arab energies and efforts should be pooled for the confrontation with Israel and King Faisal expressed his satisfaction over the efforts for reconciliation between Syria and Jordan on the one hand and Jordan and Egypt on the other (for which credit is attributed to King Faisal). It is also reported that King Faisal assured the Egyptian President for substantial financial assistance including purchase of sophisticated military hardware for him. On the issue of use of Arab oil as a political weapon, President Sadat is reported to have counselled King Faisal to strike immediately and requested him to call an Arab Summit soon after the Non-Aligned Summit in Algiers to take a unanimous decision to stop the flow of oil to the United States. It may be recalled that the foreign press had earlier published reports quoting King Faisal's interviews with N.B.C. of America and Al-Hawadees of Beirut wherein the Monarch had reportedly warned that he would use his country's massive oil flow as a weapon to influence U.S. policy in the Middle East. King Faisal is stated to have cautioned President Sadat against any hasty step in using the "last weapon" (oil) in the armoury of the Arabs and asked him to await the reaction of the United States to

NATIONAL ARCHIVES OF INDIA

these warnings. The Egyptian President and his entourage also performed Umrah and left Jeddah on the 24th August for Qatar reportedly satisfied with the results of their talks with King Faisal.

7. Kuwait: Another important visitor to the Kingdom was H.H.Sheikh Sabah Al-Salem Al-Sahab, the Emir of Kuwait, who accompanied by a delegation, paid a four-day visit to Saudi Arabia beginning the 29th August. The Emir was received with all honours given to a Head of State and was also decorated by King Faisal.

It is understood that the talks between the two leaders centred on mutual co-operation and strengthening of brotherly ties. They also reportedly discussed the Arab and Islamic issues and the international situation in general, the use of 'oil as a political weapon' and also the Arab stand at the Non-Aligned Summit at Algiers.

The joint-communique issued after the visit took note of the fraternal relations between the two countries, the Zionist aggression and the continued occupation of Arab territories, the support for the Palestinian struggle, situation in the Arab World and the Gulf, Islamic solidarity, response of the two countries in view of the continued world-wide demand for energy and creation of a favourable political atmosphere in the Middle East.

According to reliable but unconfirmed reports, the two Heads of State had however some differences over their approach to the question of oil as weapon. The Saudi Monarch tried to impress upon the Emir the need of a concerted and joint approach to the issue and suggested that Kuwait should ratify the participation agreement which had been signed by Saudi Arabia and others and brought out the inherent danger in the immediate nationalisation and take-over of majority share in the oil companies on the lines of Libya. King Faisal also reportedly told the Emir that the participation agreement between foreign companies and the oil-producing Arab nations were not necessarily final and that there was scope for negotiations with the companies both for the increase in the participation share and the price of the oil. Further details are not known.

8. Earlier in the month, the Deputy Foreign Minister of Kuwait, Mr.Rashed Abdul Aziz Al-Rashed visited Saudi Arabia from August 4-6. He said that his talks with Saudi brothers centred on the strengthening and consolidation of bilateral relations existing between the two countries and on the stepping-up of economic and social co-operation. According to the press reports, Al-Rashed discussed a draft agreement on economic co-operation with Saudi Arabia.

9. Iran: Shaikh Ahmed Zaki Yamani, Saudi Minister of Petroleum and Mineral Resources, left for Tehran on the 27th August and returned to Jeddah the next day after holding important talks with the Iranian Oil Minister Jamshid Amuzegar. In a statement to Saudi News Agency, Shaikh Yamani said that his visit to Tehran was successful and effective. He added that a complete agreement was reached with the Iranian Minister on the view-points concerning all the issues discussed between them. It is reported that the discussions centred round the proposal for a review of the Tehran agreement regarding the increase in the posted price of oil.

10. Iraq: Dr.Fadhil Jalabi, Iraqi Deputy Minister of Oil, arrived in Jeddah on the 18th August. He had talks with his counterpart, Sheikh Ahmed Zaki Yamani, and the discussions centred round adopting an appropriate common policy.

-4-.....

NATIONAL ARCHIVES OF INDIA

11. Ras al-Khaimah: H.H.Sheikh Saqr bin Muhammad Al-Qassimi, the Ruler of Ras al-Khaimah, the Crown Prince and the Deputy Ruler paid a four-day visit to Saudi Arabia from 8th August. King Faisal received them in audience the same day and also held a private luncheon in their honour on the 9th August. The Saudi Crown Prince H.R.H.Khaled bin Abdul Aziz and H.R.H.Fahed bin Abdul Aziz, the Second Deputy Prime Minister and the Minister of Interior held talks with the Ruler and discussed bilateral and "brotherly" relations between the two countries. The Ruler of Ras al-Khaimah and the delegation left Saudi Arabia on the 12th August.

Though nothing has been given out about the purpose of his visit to Saudi Arabia, it is understood that the Saudis tried to reach an understanding with Ras al-Khaimah for exploration of oil in the Sheikhdom and have also offered their services for the training of the armed forces of Ras al-Khaimah.

12. Algeria: Sayid Sharif Belkassim, Member of the Algerian Revolutionary Command Council arrived in Jeddah accompanied by a high-ranking delegation on the 15th August. They were received by Sheikh Hisham Nazer, Minister of State and President of Central Planning Organisation and other officials, who discussed cultural and economic relations. The Algerian delegation had an audience with King Faisal on the 16th August wherein the Saudi Monarch briefed the delegation on the need for solidarity between the Arabs and Islamic nations with a view to face the conspiracies being carried out by Zionists and others. Before his departure, Sayid Belkassim, in a statement to the Saudi News Agency, praised Saudi Arabia for its sound economy. After performing Umrah, the delegation left on the 17th August.

Earlier, Dr.Ahmed Taleb Al-Ibrahimi, personal envoy of President Houari Boumedienne of Algeria, arrived in Jeddah on 3rd August. He had an audience with King Faisal and delivered a message from Algerian President to him.

13. Mauritania: Sayid Hamdi Auld Maknass, Foreign Minister of Mauritania, arrived in Jeddah on the 5th August and was received by Saudi Deputy Foreign Minister Sheikh Muhammad Ibrahim Masoud and others. The visiting Minister had an audience with the King and handed to him a message from Mauritanian President, Moukhtar Ould Dada. He discussed with the King matters concerning co-operation and co-ordination between the Arab world and the African continent. According to a report, the Mauritanian Foreign Minister also asked for financial assistance for the drought-stricken people of his country.

14. Sudan: The Sudanese Minister of General Education, Dr.Muhammad Khair, accompanied by a delegation of high-ranking educational officials, arrived in Jeddah on the 14th August. The visiting Minister had talks with his counterpart, Sheikh Hassan bin Abdullah Al ash-Shaikh, on greater co-operation in the field of education. Recommendations of the Arab Education Ministers Conference in Sanaa were also discussed.

A Sudanese Education delegation led by Mr.Mohd.Osman, Minister of Education, arrived in Jeddah on the 29th August to hold talks with the Saudi authorities aiming at the consolidation of cultural ties between the two countries.

15. Indo-Pak Sub-Continent: The proceedings of Indo-Pak official talks at New Delhi were being watched with considerable interest. There has been no significant comment. However, the government-controlled press, while discussing the new Constitution

NATIONAL ARCHIVES OF INDIA

of Pakistan and praising Bhutto's personality, said, "India, which embraces within its entity all the factors of dismemberment, cesession and division, still maintains this strange and yet repellent mixture within a framework of flexible democracy," and added "Undoubtedly, it was the military setback of December 1971 which brought about this change. The setback proved that the former military regime in Pakistan failed to rally all the country's economic, diplomatic and military potential." The press also expressed that the change would "awaken the individual feelings of responsibility in Pakistan".

Pakistan's Petroleum Minister, Sayid Hayat Muhammad Khan Sherpao arrived in Jeddah on 31st July and left on the 4th August. He had talks with his counterpart, Sheikh Zaki Yamani, and described the talks as fruitful and successful.

Sayid In'amullah Khan, Secretary-General of the Islamic Congress in Karachi, who also visited Saudi Arabia, commented favourably on the State budget of Saudi Arabia and its economic progress.

The Government of Saudi Arabia has donated a sum of US $ 2 million to Pakistan for the flood-relief in that country. The aid has been received with great fan-fare and gratitude.

About 60,000 Pakistani Hajis are expected to visit Saudi Arabia during Haj 1974. It may be recalled that Pakistan had publicised to send 100,000 Hajis but it is rumoured that considering the experience of last year, the Saudi authorities had advised them to curtail the number.

An Indian Petroleum delegation visited Saudi Arabia for discussing the establishment of a Fertilizer Plant and an Oil Refinery as joint-ventures.

16. Islamic Secretariat: Sayid Omar Sakkaf, Saudi Minister of State for Foreign Affairs, left Jeddah on the 10th August to head a fact-finding mission consisting of Foreign Ministers of Saudi Arabia, Libya, Somalia and Senegalese Ambassador to Egypt Moustapha Cisse (son-in-law of Senegalese President Leopold Senghor) to look into the problems faced by Muslims in southern Philippines. Before going over to Manila, the delegation met with Tunku Abdul Rahman, Secretary-General of International Islamic Secretariat, in Kuala Lumpur, for consultations.

On arrival in Manila, the delegates were received by the Philippines Foreign Minister. At a luncheon banquet given by him in honour of the delegation, the Philippines Foreign Minister welcomed the delegation particularly as a humanitarian mission. On the 16th August, the delegation was received by President Marcos of the Philippines who is said to have given a patient hearing. At a dinner banquet given by him in honour of the delegation, President Marcos praised the leading role of Saudi Arabia and mentioned King Faisal as one of the few leaders who had achieved the renaissance of their countries. Thanking President Marcos, Sayid Omar Al-Sakkaf said that the objective of the Mission was to bring about a feeling of brotherhood in all the factions and the creation of a congenial atmosphere among all. President Marcos decorated the envoys of the Islamic nations with the ancient Order of Sultan Kudarat.

At one point, however, Marcos said the visit of the Mission was an interference in the country's internal affairs but he would welcome it because Philippines had nothing to hide. The delegation laid the foundation-stone of the Islamic Studies Centre

NATIONAL ARCHIVES OF INDIA

and King Faisal Mosque at Marawi in southern Philippines and conveyed to the Muslim population their full support. The delegation left Manila on the 20th August leaving behind Saudi Foreign Minister Omar Sakkaf who was down with influenza. Omar Sakkaf took this opportunity for discussing bilateral relations with the Philippines Deputy Foreign Minister. Sakkaf returned to Jeddah on the 24th August.

17. Aid: Saudi Arabia donated S.Rls.240,000/- as a financial aid to the Islamic Mandi Association in Sierraleone, for completing the building of a mosque and a school.

18. Diplomatic: The new Italian Ambassador, Mr.Alberto Ramasso Valacca, presented his credentials to King Faisal on the 31st of July. In a statement to the Saudi Press Agency, the Italian Ambassador described the recent visit of King Faisal to Italy as fruitful and hoped that Saudi Arabia would be playing a major role in regional and international spheres.

Sayed Abdul Hamid Darkal, the new Syrian Ambassador, presented his credentials to King Faisal on the 26th August 1973.

PRESS, CULTURAL & MISCELLANEOUS

19. So far as the local press is concerned, it was noted that the major coverage pertaining to India related to Floods, Food situation, Sensitivity of Saudi Arabians with regard to so-called Muslim problem, India's participation in the Non-Aligned Conference, etc. Other items of our interest were consolidation of economic and commercial relations between the Sudan and India, India's aid to Iraq for oil prospecting, arrival of Princess Ashraf Pahlavi of Iran in India, arrest of 300 communists and Chinese help to Naga hostiles.

It may here be mentioned that Inder Malhotra's articles on Muslims in India as published by Illustrated Weekly and Times of India, Bombay, were reproduced by local press.

The press publicised Foreign Minister's condemnation of use of American veto on Middle East question in the Security Council.

Yours faithfully,

(ZAHIR AHMED)
Ambassador of India.

Distribution:
As per standard list.

NATIONAL ARCHIVES OF INDIA

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67

EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73 11th September 1973.

POLITICAL REPORT FOR AUGUST 1973

Part II ..... Economic

INTERNAL ECONOMIC DEVELOPMENTS

Revaluation of Saudi Riyal: In view of the recent developments in the international foreign exchange markets the position of the Saudi Riyal has been reviewed by the Saudi Government and it has been decided to change the par value of the Riyal from 0.197482 gram of fine gold per Riyal to 0.207510 gram of fine gold per Riyal involving an appreciation of the Riyal by 5.078 per cent. At the time of earlier devaluations of US dollar the Government of Saudi Arabia had decided to maintain the par value of the Riyal in terms of gold at 0.197482 gram of fine gold per Riyal. With the present decision to raise the par value of the Riyal the new rate of exchange currency will now stand at Riyals 3.55 per US dollar. This implies accumulative appreciation of 26.76 per cent in the rate of Riyal as against the Dollar. The Monetary Agency's new buying and selling rates (applicable to banks only) shall be Riyals 3.545 and Riyals 3.555 per US dollar. These rates could of course undergo changes within the margin of 2¼ per cent on either side of the par value of the Riyal.

2. Jeddah Water Plant: Saudi Government has appointed Ewbank and Partners of Brighton, England, to provide consulting engineering and project management services for the new major combined power and water desalination plant to be built at Jeddah. The initial capacity of the new Jeddah plant will be 10 million gallons of water per day and approx. 50 MW of power. The existing plant has the capacity to produce 5 million gallons of potable water and 50 MW of power per day.

3. Jeddah Sewage Network: A contract at a cost of S.Rls.102 million has been signed with Saudi Research and Development Corporation (P.B.No.1935, Jeddah) for undertaking secondary sewage network and house connections project in Jeddah. The project includes the installation of about 137 kms. of 150-mm asbestos cement pipes, manholes and accessories, connections to drain sewage of houses and other refuses, construction of three pumping stations and demolition and dumping of existing sceptic ditches.

4. Mineral Exploration Agreement: An agreement was signed by the Saudi Government with the French Geological mission in the Kingdom (B.R.G.M.) to continue exploration and prospecting for minerals in various parts of the country for a period of two years at a cost of S.Rls. 63 million.

5. Road Contracts: A S.Rls.67 million contract for the construction of the 110-km road between Muzahimiya and

.../2

NATIONAL ARCHIVES OF INDIA

Quwai'ya has been awarded to Saleh Abdul Aziz Al-Bahussein Establishment (P.B.No.639, Riyadh). Another contract for the construction of the 50-km Raghba, Barra, and Ruwaida road links at a cost of S.Rls. 13 million has been assigned to Arabian Establishment for Technical Contracting (P.B. No.2987, Riyadh). A third contract at a cost of S.Rls. 18 million for the construction of 51-km road between Jumaniya, Abu Ashr, Mas'ada and Arja was awarded to the Saudi firm Rio (P.B.No.1544, Jeddah).

6. Development of Eastern Province: An agreement costing S.Rls.7.5 million for the preparation of the physical planning and detailed schemes for the cities of the Eastern Province namely Dammam, Alkhobar, Qatif, Al-Hasa and Jubail has been signed with the Greek consulting firm, Candilis in conjunction with a French concern.

7. Ceramics Plant: The Industrial Studies and Development Centre has prepared a pre-feasibility study for the establishment of a plant for ceramic products in Riyadh. It envisages the setting up of a factory for the production of 4,000 tons of ceramic tiles and 2,000 tons of sanitary articles per annum. The plant is estimated to cost S.Rls. 19 million. The raw materials for the plant are available in the Kingdom.

8. Reduction of Electricity Tariff: The Saudi Government has decided to reduce the electricity tariff in 16 towns in the country by 50 to 60 per cent. The new rates in these towns will now be S.Rls. 0.20 per kilowatt for ordinary consumption and S.Rls. 0.18 for industrial consumption.

9. Population Census: Preparations are underway for the population census of the Kingdom to be conducted in 1974. To begin with some areas of Riyadh and Mecca and some other towns have been selected for the purpose on an experimental basis.

EXTERNAL ECONOMIC RELATIONS

10. Visit by Pakistani Petroleum Minister: The Pakistani Minister of Petroleum Sayed Hayat Mu-hammad Khan visited the Kingdom during the month and held talks with the Saudi Minister of Petroleum and Mineral Resources Sheikh Ahmad Zaki Yamani. While leaving the Kingdom the Pakistani Minister declared that his talks with his Saudi counterpart were fruitful and added that Saudi know-how in the field of petroleum will play an important role in the future in the Pakistani oil sector. He also said that the Saudi Minister of Petroleum and Mineral Resources expressed his readiness to extend all kinds of assistance to Pakistan in this field. The Pakistani Minister had an audience with the King also.

11. Iraqi Dy. Petroleum Minister: Dr. Fadhel Jalabi, the Deputy Minister of Petroleum in Iraq visited the Kingdom during the month and had talks with the Saudi Minister of Petroleum and Mineral Resources.

12. Arab Steel Conference: It has been reported that the Conference of the member countries of the General Arab Union for Steel will be held in Saudi Arabia early next year. The Conference is expected to discuss the methods for boosting the steel industry and cooperation in its various fields.

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NATIONAL ARCHIVE OF INDIA

13. Saudi-Qatari Economic Agreement: Saudi Government has ratified the Economic Agreement between the Kingdom and the State of Qatar signed in July this year at Riyadh.

INDO-SAUDI RELATIONS

14. A two-man Indian Oil Delegation led by Shri S.M.H. Burney, Additional Secretary, Ministry of Petroleum and Chemicals, visited Jeddah during the month. Other member of the delegation was Shri M. Kurien, Chief - Refineries in the Ministry of Petroleum and Chemicals. Shri Prakash Shah, Counsellor, Embassy of India, Tehran, also joined the delegation. The delegation had discussions with the Governor of Petromin, Dr. Abdulhadi Hasan Taher and other Petromin officials. The talks centred on the additional requirements of crude oil by India from Saudi Arabia from 1974 onwards and collaboration in the setting up of an oil refinery and a fertilizer plant in Saudi Arabia. The delegation was assisted by the Ambassador and the First Secretary (Commercial) Shri Husain in this Mission. The talks were useful and are to be followed up.

15. Mr. Mohd. Fazal, Managing Director, Engineering Projects (India) Ltd., visited Jeddah during the month. During his stay here he called on Dr. Mahmoud Taiba, Deputy Minister for Commerce, Mr. Wahib bin Zagr, Second President, Jeddah Chamber of Commerce and Industry and a number of top-ranking businessmen engaged in setting up new industries and undertaking big construction projects. The talks were useful and a number of fields for purposeful collaboration were explored. The matters discussed are likely to be followed up.

16. Mr. A. B. Rabadi, Director/Secretary, M. N. Dastur & Co., Consulting Engineers, Calcutta, visited Jeddah during the month to explore the possibility of assisting Saudi parties in setting up their own steel industry. He was provided with all necessary assistance during his visit and was also introduced to some important officers of Petromin which is mainly concerned with the setting up of steel industry in Saudi Arabia.

17. Mr. S. P. Babbar of Trade International Corporation visited Jeddah with a view to discussing matters connected with promotion of business interests in Saudi Arabia particularly with M/s. Abdul Rashid Badrah, Jeddah, agents for Mohan Meaken Breweries Ltd. Ghaziabad. He found a good scope for increasing exports from India to Saudi Arabia in processed foods and abrasives.

18. Mr. Muzaffarul Haq Nadvi, Tanning Adviser and Manager, New Light Tannery, Jajmau, Kanpur visited Jeddah with a view to exploring the possibilities for promotion of trade in leather and leather goods.

19. Dr. Y. Najmuddin, an important leader of the Bohra community in India and a prominent businessman visited Jeddah and established contacts with some leading businessmen of the town.

(Zahir Ahmed)
Ambassador

NATIONAL ARCHIVES OF INDIA

Copy No. 5.

SECRET

EMBASSY OF INDIA
JEDDAH

No.Jed/101/27/P/73.

7th October 1973.

To: The Foreign Secretary,
Ministry of External Affairs,
New Delhi.

POLITICAL REPORT FOR SEPTEMBER 1973.

Sir,

I have the honour to submit my political report for the month of September 1973.

SUMMARY

Saudi Arabia celebrated its National Day on the 23rd September when formal greetings were exchanged between King Faisal and various Heads of States. King Faisal also inaugurated a Military City at Tabuk.

2. Syed Omar Al-Sakkaf, Minister of State for Foreign Affairs, accompanied by a delegation, left for New York to attend the U.N.General Assembly Session. An important event in the external field has been the restoration of relations between Saudi Arabia and Federal Republic of Germany. King Faisal sent a cable to the President of Togo congratulating him on the breaking-off diplomatic relations with Israel. The important visitors to the Kingdom were Defence Minister of France, Deputy Foreign Ministers of the Federal Republic of Germany and Thailand whose visits have been discussed in the report.

3. On return from his visit to Southeast Asia and Sri Lanka, the Vice President of Arab Republic of Egypt, Syed Hussein Shafie, accompanied by Minister of War Production and other senior Egyptian officials, arrived in Jeddah on the evening of 30th September on a private visit and left for Cairo on the 3rd October. During their stop-over in Saudi Arabia, the Egyptian Vice-President performed 'Umrah', visited Medina and also had an audience with King Faisal. In a press statement, he described his meeting with the King as useful since it afforded him an opportunity to exchange views on the interests of the Islamic nations and the Arab issues. In reply to a question regarding the existing co-ordination between the frontline countries(obviously after the rapproachment between Egypt, Jordan and Syria), the Egyptian Vice-President said that the confrontation required the rallying of efforts and the indispensability of the things that may strengthen the effectiveness of the confrontation with the Israeli enemy.

4. Since the writing of this report, heavy fighting on the Eastern Bank of Suez Canal and The Golan Heights (on the 6th October) has started. The news of the flare-up was received with shock in Saudi Arabia. King Faisal in two separate telegrams to President Sadat of Egypt and President Hafez Al-Asad of Syria has strongly denounced the treacherous Israeli aggression and assured the two Presidents of the full support of the Kingdom of Saudi Arabia and placed all the potentials of his country at the disposal of Egypt and Syria. In his cabled reply, while appreciating King Faisal's support, President Sadat has reportedly stated that Arab solidarity and their firm stand behind Egypt at this decisive hour in the battle of destiny are one of the most important elements of victory.

-2-.....

NATIONAL ARCHIVES OF INDIA

King Faisal is also reported to have received a message from Henry Kissinger, the US Secretary of State, asking him to intervene with the Egyptian and Syrian Heads of State to stop the fighting. King Faisal, while accusing Israel of expansionist plans, has cautioned USA to use its influence to restrain Israel to stop aggression as otherwise the fighting might spread to other parts of the world also. King Faisal has called on the United States that she should force Israel to vacate Arab territories and give Palestinians their homeland.

INTERNAL

5. An important event in the internal affairs was the opening of a Military City at Tabuk on the 22nd September by King Faisal with great deal of fanfare and publicity. This is the second biggest 'City' in the country after Khamis Mushait. The presence of King Hussain of Jordan; Sheikh Hamad bin Issa Al-Khalifa, Crown Prince and Commander-in-Chief of Bahraini Defence Forces; Sheikh Fahed bin Timour, Deputy Defence Minister of Oman; Brigadier Mohammed Al-Abdullah Al-Attiyyah, Deputy Commander-in-Chief of the Qatari Armed Forces; Mohammed Saleh Shaiba, Commander of the Air Force in the Y.A.R.; Field Marshal Habass Al-Majali, Commander-in-Chief of the Jordanian Armed Forces; and Zaidal Rafai, the Prime Minister of Jordan added to the pomp and show of the occasion. Their presence to witness the military parade and other events was presumably indicative of the close cooperation between these countries and Saudi Arabia. The display of French Tanks, Armoured cars, American jets, Hawk missiles and sophisticated rader system, was indicative of Saudi desire to impress its neighbours with her military might. In due course, the Tabuk Military City will develop into a centre of armoured corp of the Saudi Armed Forces. It took three years for the military town to be completed at a cost of Saudi Riyals 500 million. The Chief of Staff of the Saudi Armed Forces, while welcoming King Faisal, expressed gratitude and appreciation of the armed forces to His Majesty the King the Supreme Commander of the Saudi Forces for his efforts to build up these forces in order to serve as the protective shield for the country, the Arabs and the Muslims.

6. The Saudi reaction to the kidnapping of her diplomats in the Saudi Embassy in Paris by a group of gunmen, claiming to be a faction of the P.L.O., and their subsequent release in Kuwait was one of contempt, anger and condemnation of the P.L.O. to whom King Faisal has been dolling out substantial funds. This attitude was also reflected in King Faisal's reported refusal to see Yassar Arafat in Algiers where the King was attending the Non-aligned Conference! As a result of this incident, the local authorities tightened the security measures in the country and according to a reliable report, about 60 suspected Palestinians were expelled from Saudi Arabia. Besides Yassar Arafat, the representative of Al-Fatah in Saudi Arabia Mr.Abu Hisham, in a press conference held in Jeddah on the 13th September, strongly condemned the assault on Saudi diplomats in Paris and described it as a stab in the back and a vile conspiracy against the Palestinian issue. He lauded the material, moral and political support being given by Saudi Arabia to the Palestinian resistance movement. According to reports in circulation, the release of PLO detainees including Abu Daud by King Hussain of Jordan has been done on the advice of King Faisal obviously to avoid any repetition of Paris incident concerning the Arabs specially at a time when all the Arab countries are concentrating their efforts to confront Israel.

EXTERNAL RELATIONS ..... -3-.....

NATIONAL ARCHIVES OF INDIA

EXTERNAL RELATIONS

7. Non-aligned Summit: King Faisal headed the Saudi Delegation, including Prince Sultan bin Abdul Aziz, Minister of Defence and Aviation, Prince Nawwaf bin Abdul Aziz, Dr.Ras'ad Faroun, Special Counsellor to the King, to the Non-aligned Summit in Algiers. Sayid Omar Sakkaf, Minister of State for Foreign Affairs reached Algiers earlier. The Saudi press made out that King Faisal's attendance in this Conference lent special importance to it, in view of his prominent position he holds internationally and more particularly in Arab and Islamic World. The King during his stay at Algiers met the leaders of various delegations which included the Prime Minister of Lebanon and Sri Lanka, Presidents of Egypt, Syria, YAR, Algeria, Nigeria and Togo, as also Emperor Haile Selassi of Ethopia and held talks with them on various international and Arab issues.

Speaking in the final session of the Conference, Syid Omar Sakkaf emphasised that the Kingdom's neutrality was based on reality and peace and not on slogans. He also said that the Kingdom of Saudi Arabia was against all kinds of racial discrimination or prejudice wherever its sources or places may be. He condemned racial discrimination practised by South Africa,Portugal and Rhodesia. Earlier, in a statement to the Algerian Broadcasting and TV Services, Omar Sakkaf said that Saudi Arabia expected the Non-aligned Conference to become a factor in the realisation of justice and peace, in the ensuring of freedom to the oppressed people and in the construction of a new and strong human society based on religious values.

8. France: Mr.M.Robert Galley, French Defence Minister, paid an official visit to Saudi Arabia from September 12-16. Besides an audience with the King, he held important discussions with the Defence Minister, Minister of State for Foreign Affairs and officials of the Central Planning Organisation of Saudi Arabia. The French Minister, who was accompanied by French military officials, visited some Army and Air Force establishments in the country including Air Defence School and Missile Base in Jeddah, King Abdul Aziz Military Town at Tabuk, Air Force Technical Institute at Dahran and King Faisal Air College at Riyadh. In a statement to the press, Mr.M.Robert Galley expressed admiration for the military capability of Saudi Armed Forces from the technological and man-power view-points and remarked that the various fields of air defence may perhaps require strenuous and relentless efforts to undertake this task. The Saudi press reported that an agreement had been signed between Saudi Arabia and France during the visit aiming at reinforcing their relations and fostering further co-operation between the two countries.

9. Federal Republic of Germany: Saudi Arabia and Federal Republic of Germany re-established their diplomatic relations after a break of about 8 years. An agreement to this effect was signed during the visit of Dr.Hans George Sachs, Deputy Foreign Minister of F.R.G. who visited Saudi Arabia from 18th to 20th September 1973. The visiting Minister held talks with Saudi Minister of State for Foreign Affairs as also Deputy Foreign Minister and according to press reports, steps for cooperation between the two countries were discussed. An instrument of ratification for the bilateral air transport agreement was also exchanged during the visit.

10. Thailand: A Thai Delegation led by Chaitichai Choonhavan Deputy Foreign Minister of Thailand, visited Saudi Arabia from September 18-20. The Thai Minister had an audience with the King on the 19th. He also met Sayid Omar Sakkaf and Sheikh Mohd.Al-Awadi (Minister of Commerce and Industry), Prince Saad Al-Faisal,

NATIONAL ARCHIVES OF INDIA

Deputy Governor of Petromin. With Omar Sakkaf, he held discussions on bilateral and international issues. In a press statement the Deputy Foreign Minister of Thailand stated that relations between Saudi Arabia and Thailand were very strong and were improving day by day since they were founded on goodwill and common principles against subversive doctrines and communism. The negotiations between the Thai delegation and the Saudi Government regarding the sale of 1 million metric tons of Thai rice and purchase of 1 million tons of crude oil by Thailand however appeared to have failed. According to reports, the Saudis offered a much lower price for Thai rice as compared to the prevailing international market rate. The Thai delegation, according to reports, also did not evince much interest in the purchase of crude oil as they reportedly told the Saudis that they had alternative sources to meet their requirements.

11. Jordan: Prince Turkey bin Abdul Aziz, Saudi Deputy Minister of Defence and Aviation, accompanied by a delegation, paid a brief visit to Jordan on 17.9.1973, where besides meeting King Hussain, he witnessed military manouvers held by the Jordanian Forces and the Saudi troops stationed in that country. Addressing the troops, Prince Turkey urged them to adhere to faith in God, work for the service of the Monarch and their homeland and to have further co-operation with the Jordanian Armed Forces.

12. Ethopia: An airlines delegation from Ethopia led by the Assistant Director General of Civil Aviation visited the Kingdom during the month and held talks with Saudi Civil Aviation officials for signing a bilateral air agreement between the two countries.

13. Y.A.R.: In an address delivered on 26th September to mark the celebrations of Y.A.R. National Day anniversary Al Qadhi Abdul Rahman Al-Iryani, Chairman of the Republican Council of YAR praised the role played by Saudi Arabia in bringing stability in that country. The Saudi Military Attache in Sanaa handed a cheque of S.Rls.100,000/- to the Commander-in-Chief of the Yemeni Armed Forces as a contribution from King Faisal towards the construction of quarters for the Yemeni Army officers.

14. Islamic Secretariat: The Executive Council of International Islamic News Agency met in Jeddah during the month and unanimously elected Syed Mehdi Bennouna of Morocco as a full-time Director of the Agency. Syed Mehdi is the founder of the Maghreb Press Agency.

Sheikh Ibrahim Al-Angari, Saudi Minister of Information, in a meeting with the members of the Council assured his government's support to IINA with a view to achieving its objectives on the basis of the directives from King Faisal which provided for the help and encouragement of every effort aiming at the service of Islam and the Muslims in the world.

15. Indo-Pak Sub-Continent: Nothing of interest came to notice during the month. The local press, however, highlighted the statements of Pakistani Ambassador to Saudi Arabia and that of the Prime Minister of Pakistan expressing gratitude for the donation of 2 million dollars given to her by King Faisal towards the flood relief measures. The press took note of Mr.Bhutto's remarks that Pakistan owed King Faisal a great deal on account of the humanitarian stance which King Faisal had taken towards many Pakistani issues.

Relations with India remained normal and correct. The Saudi Government, however, has not come out openly in the appreciation of the recent agreement signed at Delhi facilitating

-5-.....

NATIONAL ARCHIVES INDIA

three-way repatriation of POWs and civilians between India, Pakistan and Bangladesh. Though some Saudi Ministers and officials expressed their satisfaction in this regard, yet they still seem to have reservations about the 195 POWs whose fate has to be decided later. The Saudis feel that these prisoners should be released in the interest of better understanding and peace in the Sub-Continent.

16. Donations: 1. S.Rls.50,000/- as contribution by Saudi Arabia for Muslim Community in Geneva.

2. World Muslim League donates annual grant-in-aid of US $5000/- to Darul Islam New York.

17. Diplomatic: Saudi Arabia and Pederal Republic of Germany (West) have agreed to resume diplomatic relations from 18th September 1973.

Saudi Arabia and Zaire have also agreed to establish diplomatic relations at ambassadorial level.

18. PRESS: The Saudi Arabian press focussed the editorial lime-light on the following subjects: (1) Royal interview to the Newsweek magazine on Oil, (2) Arabo-Israeli problem, (3) Israeli air-attack on Syria, (4) Condemnation of Israeli air piracy by International Civil Aviation Organisation, (5) Summit Conference of frontline countries in Cairo, (6) Palestinean Commando operation at Saudi Embassy in Paris; (7) Outcome of Non-aligned Summit Conference, (8) Detente among super powers, (9) Breaking of diplomatic relations of Togo with Israel, (10) Palestinean immigration in neighbouring countries, (11) Use of Arab Oil to force U.S. to change their policy; in this context Al-Medina said that Oil for the Arab countries is like wheat to U.S.A. which it offered to the Soviet Union in quantities exceeding those offered to famine-stricken country like India. No one asked America to change that policy. Therefore, in the sale of oil to USA, there would have to be complete quid pro quo.

The following news items relating to India were given currency by the local press. A poem by Tagore (Al-Medina), Indian Oil Delegation visits Libya, India buys Libyan Oil, Indo-Turkish Agreement, Pakhtoons demonstrate in Peshawar, Tripolar repatriation in Indian Sub-Continent, Swaran Singh praises Indo-Pak Agreement, India condemns Israeli aggression on Syria, Iranian Princess receives Degree of Ph.D. honoris causa, Radha Krishnan seriously ill. The press also detailed the process of repatriation of Pak POWs from India to Pakistan, Bengalis from Pakistan and Pakistanis from Bangladesh.

(ZAHIR AHMED)
Ambassador of India.

Distribution:
As per standard list.

NATIONAL ARCHIVES OF INDIA

Copy No.____ SECRET

EMBASSY OF INDIA
JEDDAH

No.JED/101/(27)/P/73 7th October 1973.

Political Report for September 1973

Part II ..... Economic

King Faisal Outlines Saudi Arabia's Oil Policy:

In an interview granted to the US weekly 'Newsweek' King Faisal spelled out Saudi Arabia's policy towards the increase of oil production and the conditions for the Kingdom's stepping up of its output of petroleum to meet the United States and free world's rising demands for energy. The Saudi Monarch declared that two conditions must first be met before exceeding the limits of oil production that can be absorbed by the Saudi economy to meet the requirements of the US and the West. The first is that the United States and the West must effectively assist the Kingdom to industrialise to create an alternative source of income to oil in order to absorb the excess income resulting from production at such level. The second is the creation of a suitable political atmosphere hitherto disturbed by the Middle East crisis and Zionist expansionist ambitions. Replying to a question by Newsweek, the Monarch announced that it was his conviction that oil should continue to flow to its traditional markets within the limits he mentioned in conformity with the domestic economy of Saudi Arabia. "As for the question of increasing production to a level which conflicts with our economic interests, this is a political matter for which a suitable political atmosphere must be prepared. Also solutions must be found for its economically undesirable effects," King Faisal explained.

2. About the kind of American action that could be considered an adequate response to the Kingdom's demands, the King said: "Abstaining from adopting biased attitudes and from giving unlimited aid to Israel, which has resulted in increasing Israel's arrogance and let it to reject peace and to insist on the retention of its war gains. America is, to a large extent, responsible for rectifying this situation."

3. The King went on to say, "If no American response is forthcoming, one of the conditions for increasing our production will not havebeen satisfied. We shall then view the matter exclusively from the viewpoint of our self-interests. In this case the resultant rise in prices may lead to an increase of income which would necessitate a cutback in production. The two issues are interlinked as a cut-back in production would lead to a sudden and substantial rise in prices." In reply to a question about the approval of production schedules between the Saudi Government and Aramco, the Monarch pointed out that determination of the level of production, whether it entails an increase, a decrease or a freeze, is a function

.../2

NATIONAL ARCHIVES OF INDIA

exercised by the Saudi State by virtue of its sovereignty." "It is not a matter for which agreement is needed with the companies operating on its territory," the Monarch stressed. Asked whether Western Europe and Japan would be included if Saudi Arabia is forced to penalize the U.S., the King replied: "We do not think with a punitive mentality. The US, Japan and the nations of Western Europe are all our friends and we desire sincere cooperation with them. However, such cooperation requires action on both sides; not sacrifices on one side and negative, if not hostile, attitudes on the other sides." (The text of the interview was forwarded to the concerned Ministries as soon as it came out in the local press vide our letter No.JED/COM/201/2/73 dated 17th September 1973 addressed to Shri A.S. Mehta, Dy. Secy. Ministry of Petroleum and Chemicals, New Delhi).

Studies for Oil Reserves:

4. Prince Saud Al-Faisal, the Deputy Minister for Petroleum Affairs, recently signed agreements with two consulting firms specialised in the study of oil fields reserves. The firms in question are: Inter-Comb and Scientific Software Corp. The agreements call for the examination of about 100 locations known to contain oil deposits to determine the exact figures for the Kingdom's proven oil reserves. Preliminary studies indicate that the country's proven oil reserves total 150 billion barrels. New oil reserves have been discovered in the off-shore area on the Gulf where test drillings indicated the existence of a major oil field between the Marjan and Zuluf fields.

Yamani Holds Talks on Oil Matters:

5. The Saudi Minister of Petroleum and Mineral Resources, Sheikh Ahmad Zaki Yamani, held a series of important talks during the month with oil experts of the Arab oil producing countries as well as with Directors of major oil companies in Dhahran. Sheikh Yamani paid a visit to Tehran also and held talks with Iranian Minister of Finance. He described his talks as effective and successful and said that he reached full agreement with the Iranian Minister on all matters that were discussed.

Plant for Hydrochloric Acid, Caustic Soda and Chlorine:

6. Aramco(Arabian American Oil Company) has signed a S.Rls. 20 million agreement with Basic Chemical Industries (jointly owned by Saudi parties Muhanna A. Al-Mu'aibid and Darwish A. Darwish) for the setting up a plant for the manufacture of hydrochloric acid, caustic soda and chlorine on a coastal site between Dammam and Al-Khobar. Financing for the project is being provided by a consortium of local and international banks on the basis of an extended term purchase guarantee from Aramco. The German firms of Franz Kirchfield, Kerbskosmo and Denzinger will design and supply the plant and equipment.

Tyre-Manufacturing Plant:

7. In a pre-feasibility study the Saudi Industrial and Studies Development Centre has proposed the setting up of a S.Rls.13.9 million plant for the manufacture of motor vehicle tyres with an annual capacity of 200,000 tyres. According to the study during 1970 Saudi Arabia imported 10,365 tons of tyres at a cost of 51.6 million S.Rls. and by 1980 the requirements are estimated to be 21,730 tons. Japan is the

.../3

NATIONAL ARCHIVES OF INDIA

principal exporter of tyres to the Kingdom and its share of the Saudi market in 1970 amounted to 84.8 per cent.

Agreement with Pillsbury:

8. The Saudi Minister of Commerce and Industry recently signed a letter of intent with the American firm, Pillsbury, under which the latter will carry out in a period of five years the studies and technical and administrative advisory services for the grain silos and flour mills project. The first stage of studies under the S.Rls. 12.6 million contract is expected to be finalised within 10 months, after which tenders will be announced for the construction of buildings and the supply of machinery and equipment for the project.

Car Assembly Plant in Saudi Arabia:

9. The US concern, General Motors Corporation, has entered into a partnership with a Saudi party for the establishment of a motor vehicle assembly plant in the Kingdom. The factory is expected to be installed either in Jeddah or Dammam or Riyad. It will cost S.Rls. 40 million and the first phase of the project will start by the end of 1975.

External Economic Relations

10. Bilateral Air-Agreement with W.Germany: The instruments of ratification of the Air-Agreement between Saudi Arabia and West Germany were exchanged during the month at the Saudi Foreign Office.

11. Ethiopian Civil Aviation Delegation: An Ethiopian Civil Aviation delegation headed by the Assistant Director General of Civil Aviation in Ethiopia visited the Kingdom and held talks with the Saudi Department of Civil Aviation on the possibility of concluding an air transport agreement between the two countries.

12. Brazilian Economic Delegation: A Brazilian economic delegation visited the Kingdom during the month and held talks on cooperation between the two countries in the economic and trade fields.

13. International Housing Conference: It is reported that Saudi Arabia will participate in the International Housing Conference scheduled to be held in Copenhagen during the month. Saudi Government intends to launch the first stage of the popular housing project this year. This stage will be followed by a comprehensive housing programme all over the country.

14. Ital Cable Delegation: A delegation representing Ital Cable, a leading Italian firm in the field of telecommunications, visited the Kingdom during the month and held talks with the Saudi Ministry of Communications on the improvement and development of direct links through Rome's telecommunications Centre. One of the devices shown by the delegation during the visit to the Telecommunications Training Centre in Jeddah was the system known as "Serum" which enables the exchange of telegrams between 11 Arab countries automatically whether in Arabic or Latin letters via the Rome Centre.

15. Atomic Energy Conference: The Saudi Government took part in the Atomic Energy Conference held in Vienna on September 12. The Saudi Delegation was led by Dr. Fadhel Qabbani, the Dy. Minister of Petroleum and Minerals.

.../4

NATIONAL ARCHIVES OF INDIA

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Indo-Saudi Relations

The following visitors of note came to Saudi Arabia during the month:

i) K. K. Mittal, Regional Representative of STC in Beirut: He visited the Kingdom to explore the possibility of submitting quotation for the Tender for drugs and pharmaceutical products floated by the Saudi Ministry of Health and to find other business.

ii) A. A. Rahimtulla, Managing Director, Interore, Delhi. He visited the Kingdom to explorethe possibility of finding construction jobs for Hindustan Construction Co. and also to find business for Interore, New Delhi.

iii) Pradip Burman. of Dabur (Dr. S.K. Burman) P. Ltd. Calcutta: He visited the Kindom for marketing cosmetic and perfumery products of his firm.

iv) Sadruddin of Tajdeen & Co. Calcutta: He visted the Kingdom for marketing the leather products of his company.

(Zahir Ahmed)
Ambassador of India

NATIONAL ARCHIVES OF INDIA

Copy No. 5.

Secret

EMBASSY OF INDIA
JEDDAH

No.Jed/101/27/P/73.

8th November 1973.

To: The Foreign Secretary,
Ministry of External Affairs,
New Delhi.

POLITICAL REPORT FOR OCTOBER 1973 - PART-I.

Sir,

I have the honour to submit my political report for the month of October 1973.

Saudi Arabia - Middle-East War: The Middle-East War overshowded all activities in the Kingdom. As reported in our last political report, Saudi Arabia gave unflinching support to Egypt and Syria. The Council of Ministers held several meetings during the month to review the situation. In the meeting held on the 14th October, the Saudi Defence Minister, Prince Sultan bin Abdul Aziz, read out a report on the participation of Saudi troops in the fighting on the Syrian and Jordanian fronts. Earlier, a royal decree was issued by King Faisal about the despatch of the country's troops to Syria to fight against the "Zionist aggression", but the number of troops so sent was not disclosed. However, in a subsequent press report, it was announced that the Saudi troops had clashed with the Israelis and suffered minor losses after inflicting heavy casualties on the enemy (no foreign publicity media reported the clash between Saudi-Israeli troops).

2. To express their solidarity with their Arab brethren, the Government gave out a call for collection of cash donations and blood. The response was spontaneous and large sums have been collected in the eastern and western provinces of the Kingdom which are to be donated to the families of the 'martyrs' who fell victims to the "Zionist aggression". The Saudi Government also announced ad hoc relief to a large number of Egyptians who had come to the Kingdom for performing 'Umrah' and were stranded during the war days. A delegation representing the Egyptian community in Saudi Arabia called on King Faisal on October 27 and thanked him for the firm stand and support given to their country by extending military, economic and political assistance as also for halting oil exports to USA. Syed Omar Sakkaf, Saudi Minister of State for Foreign Affairs, who was in New York in connection with UN General Assembly meetings, met Dr.Kurt Waldheim the UN Secretary-General and reportedly discussed with him the repercussions resulting from the present outbreak of war. Sakkaf also met various Arab Foreign Ministers then at New York, after which he announced in the name of 16 Arab Foreign Ministers and Ambassadors placing of all the resources and potential of Arab states at the disposal of Egypt and Syria. He also met Henry Kissinger, the US Secretary of State to discuss with him the situation in the Middle-East. The Saudi press (government-controlled) came out with editorials blaming the Russians for their double role, on one hand for encouraging migration of Soviet Jews to Israel for supplying manpower and on the other for supplying second-rate arms to Arabs which were no match to the ones supplied by USA to Israel.

3. Saudi Arabia also is trying to use effectively its oil as a 'weapon' in the present war. In response to the decision taken by the Gulf countries at Kuwait on the 17th October, the

-2-.....

NATIONAL ARCHIVES OF INDIA

Kingdom announced a 10% cut in her oil production with effect from October which has since been raised to 25%. Presumably on receipt of appeals from President Sadat, in view of the reverses on the Egyptian and Syrian fronts and the continuing supplies of war material by USA to Israel, King Faisal stopped oil supplies to USA with effect from October 20. Before the announcement in the cut-back in production and supplies to United States, Heads of Missions of E.E.C. in Jeddah were summoned to Foreign Office and were told by the Saudi Deputy Foreign Minister to ask their countries to pressurise America to review her policies towards Arab-Israel War. Subsequently, Saudi Arabia also stopped oil supplies to The Netherlands for her alleged pro-Israel attitude. These steps taken by Saudi Arabia coupled with the increase in prices of crude as recently announced by the six Gulf countries, have started having their effect on the oil supplies to the world at large including India.

4. Though no official reaction was given out to the acceptance of the ceasefire call by the Arabs under pressure from the two super powers, yet it is learnt reliably that the Saudi Government is not happy with these developments as they have a feeling that the Arabs have been betrayed by Russia and that Egypt was forced to accept the ceasefire in view of her reverses in the battle-front and threat of stoppage of arms supplies by the USSR. The Saudis also appear to feel that the present fragile ceasefire line cannot be held for any length of time and another round of war is imminent. Movement of Saudi military convoys towards its northern border seems to continue. A growing feeling in the knowledgeable circles is noticeable that until Israel withdraws from all Arab territories and restores the rights of the Palestinians and vacate Jerusalem, no ad hoc solution of the Middle-East problem, howsoever manipulated by the big powers, could be acceptable to the Arabs. However, they will await the results of the current visit to the Middle-East by Henry Kissinger. To co-ordinate their future policies and procedure to be adopted during Kissinger's visit, President Sadat of Egypt, President Boumedienne of Algeria and King Hussain of Jordan and his Prime Minister as also President Asad of Syria have already paid visits to Riyadh to consult King Faisal, who seems to have established himself as the undisputed leader of the Arab and Muslim world. Though the details of these visits have not been disclosed and a great deal of secrecy is being maintained, there are indications that King Faisal has assured these leaders of his full and continuing support in the event of a fresh war which might breakout in case the super powers fail to resolve the Middle-East issue to the satisfaction of the Arabs.

5. Egypt: Three top advisors of President Sadat, viz. Syed Marae, Sayid Ashraf Marwan and Dr.Mustafa Khaleel arrived in Riyadh on October 10, 1973, to hold important discussions with King Faisal. Though the details are not known, it is speculated that the question of financial assistance and other aid to Egypt and Syria as also the use of oil as a political weapon were discussed. They left Riyadh on the 11th October. Earlier, the Vice-President of Egypt Hussain Al-Shafie, accompanied by the Minister of War Production and senior military officials, had visited Saudi Arabia from September 30 to October 3. This has been covered in the last political report. Sayid Ashraf Marwan, President Sadat's Secretary of Information again arrived in Riyadh on the 15th and met King Faisal. It is reported that he brought a special message from his President requesting the King to expedite the use of oil as a weapon in view of the pressure on Egypt and Syria on the war-front and the United States' large-scale airlift of war material to Israel.

-3-.....

NATIONAL ARCHIVES OF INDIA

It was also reported that during their visit on the 10th October, the Egyptian delegation had asked King Faisal to persuade Jordan to enter the war.

6. Jordan: Sayid Amir Kammash, Advisor to King Hussain of Jordan arrived in Riyadh on 12th October to hold important discussions with King Faisal. It may be mentioned that soon after his return to Jordan, King Hussain despatched his troops to Syria.

7. Syria: A three-member delegation from Syria met King Faisal on the 19th October and expressed their appreciation for the valuable contribution and unlimited support given by Saudi Arabia to the cause of all the Arabs and Muslims and the Palestine. Earlier, a press report stated that Saudi Arabia had given One billion Dollars to Syria as aid to her war effort.

8. Uganda: President Idi Amin of Uganda paid a visit to Riyadh on 13th October and reportedly held discussions with King Faisal on the Middle-East War. Amin is said to have offered the services of his armed forces to the Arabs. After visiting Iraq, Jordan and Syria, President Amin again made a brief stopover in Riyadh on the 17th on his way to Kampala. He held a meeting with King Faisal and briefed him on the results of his visits to the above-mentioned countries.

9. Pakistan: Prime Minister of Pakistan, Z.A.Bhutto, after a visit to Iran and Turkey, reached Riyadh on the 18th October. He was accompanied by Aziz Ahmed, Minister of State for Foreign Affairs and Defence and other senior officials. Premier Bhutto held discussions with King Faisal on the Middle-East situation and the role Pakistan could play. Reportedly, Bhutto, while expressing solidarity with the Arabs, has promised all aid to the Arabs and placed the services of his country with all its potentials at the disposal of the Arabs. It was also learnt that Pakistan has sent some aircrafts to Saudi Arabia for her use in case of an attack on this country. This visit of Premier Bhutto appeared to be more of an obligatory nature in return of all the moral and material support Pakistan has been getting from Saudi Arabia.

10. U.S.A.: The relations between Saudi Arabia and United States have been strained since the outbreak of Middle-East War on October 6. The stoppage of oil supplies to America with effect from October 20 has further marred the relations. To express their annoyance with the USA, in view of her role in the present war and their continued war supplies to Israel, the King did not quickly accept the credentials of the Ambassador-designate of the United States, James Akins, who arrived in the Kingdom on the 15th October. The new American Ambassador however was received by the Deputy Foreign Minister on the 17th (Mr.Akins ultimately presented his credentials on the 7th November on the eve of Kissinger's visit to Saudi Arabia).

With the intensity of the war increasing with every passing day, anti-American feelings in the Kingdom grew proportionately and in view of these, the American citizens in the Kingdom, including 1149 employees of ARAMCO have appealed to President Nixon to review American policy vis-a-vis Arab Israeli conflict.

11. India: The consistent and unequivocal support by India to the Arab cause and the role played by her recently in the Security Council has been appreciated both in official and non-official circles. However, due to the cut-back in production of

-4-.....

NATIONAL ARCHIVES OF INDIA

oil by Saudi Arabia, the supplies of crude to India have been affected and the Ambassador has taken up the matter at all levels of Saudi Government. The local press has given wide publicity to our Prime Minister's call to Israel to withdraw from all Arab territories.

12. Press: In this period of conflict in West Asia, Saudi Arabian mass media was entirely mobilised to highlight views and news about "the battle of destiny". However, of and on editorialists did turn their attention to such topics as national day of North Yemen, creation of Military cities in the North and South of Saudi Arabia, Vienna episode pertaining to migration of Soviet Jews, Saudi participation in the fighting and oil boycott of U.S. and Israeli allies.

As regards news items pertaining to India, publicity was given to the Prime Minister's statement asking Israel to withdraw from the Arab territories, Indian medical aid to Syria and Egypt, Foreign Minister's statement on necessity of withdrawal of Israel from territories taken in War of 1967, Indo-US contacts regarding ceasefire in West Asia, President Giri's telegram to King Faisal on the National Day, laying of foundation-stone of the Mathura Refinery and repatriation of Pak POWs to Pakistan from India, etc. On the issue of tripartite repatriation in the sub-continent, Al-Medina published translation of an article which originally appeared in the Manchester Guardian, in the place of an editorial.

Akhbarul Alam el-Islami, the organ of the RABITA (the Muslim World League), carried a number of articles on the conversion of Mr.Bongo, the President of Gabon, to Islam and the unfolding prospect of Islamic prosetylisation in the dark continent.

It may here be mentioned that despite strong support to Syria and Egypt, the Saudi T.V. continued to show US-made T.V. programmes without any interruption.

The Ambassador has seen and approved the report.

(H.K. Malhotra)
First Secretary.

Distribution:

As per standard list.

NATIONAL ARCHIVES OF INDIA

Copy No._____.

Secret

EMBASSY OF INDIA
JEDDAH

No.Jed/101/27/P/73.

7th November 1973.

Political Report for October 1973

Part-II - Economic

INTERNAL ECONOMIC DEVELOPMENTS

This year October coincided with the month of Ramzan and thus little economic developments took place in the Kingdom. On account of the Arab-Israeli War, apart from Saudi Arabia's direct participation in the War (by sending troops to the Syrian front) hectic activities on the oil front also took place leading to a substantial increase in the posted price of crude oil by the OAPEC (Organisation of Arab Petroleum Exporting Countries). A monthly cut of minimum 5 per cent in the oil production and halting of oil shipments to the United States by many Arab countries including Saudi Arabia was also announced during the month.

2. Crude Oil Production Cut: Saudi Arabia joined the other Arab countries in deciding to reduce oil output by 5 per cent every month until Israel withdraws from the occupied Arab territories and the legitimate rights of the Palestinian people are restored. It was also announced that the reduction in oil output will be calculated in relation to the month of September and is aimed at the countries that support Israel. Countries that are friendly to the Arabs will be given a special treatment to enable them to maintain their present share of Arab oil. By the end of October, a 10 per cent cut in production was already in effect.

3. Halt of Oil Shipments to U.S.: In view of United States' stepped-up military assistance to Israel, the Saudi Government decided to halt oil shipments to the United States. The following is the Royal Court statement on this matter: "In view of the statement issued by the Royal Court on 22nd Ramadhan 1393 A.H. (October 18) by which His Majesty's Government decided to cut down its oil output immediately by 10% and to keep a close look on the situation, and because of the increase in the American military support for Israel, the Kingdom of Saudi Arabia has decided to stop oil exports to the United States of America for adopting such an attitude."

4. OAPEC Talks with Oil Companies: Six Gulf oil-producing countries namely, Saudi Arabia, Iraq, Abu Dhabi, Qatar, Kuwait and Iran, have been asking the oil companies operating in these countries to increase the posted prices of the crude oil to offset the effects of inflation. Negotiations with the oil companies commenced in Vienna on October 8, 1973. After a few meetings with the oil companies the talks were adjourned without setting a new date for the meeting as the oil companies' representatives wanted to consult their parent companies. But later during the month at a meeting held in Kuwait the six Gulf oil exporting countries decided to unilaterally increase the posted price of the crude oil by 70 per cent raising the current posted price from an average US $3.02 per barrel to US $5.11 per barrel with effect from 16th October 1973. It was also announced that the actual market prices will determine the level of corresponding posted prices, keeping the same relationship between the two prices as existed in 1971 before the Tehran agreement. The corresponding market prices of the new posted price for the Arabian light crude was established and announced at US $3.65 per barrel.

-2-.....

NATIONAL ARCHIVES OF INDIA

5. Feasibility of Jam Factory: The Industrial Studies and Development Centre has finalised a feasibility study for the establishment of a plant for making jams and marmalades with a capacity of 750 tons per annum on the basis of one shift for a period of 150 days. The project will cost S.Rls.1.6 million.

6. Expansion of Industrial Plants: The Saudi Government has approved the expansion of the following three plants:

i) The capital of the existing macaroni manufacturing factory in Jeddah (owned by Abdul Salam Radwan and Ahmad Basamh, P.B.874, Jeddah) will be raised from S.Rls.400,000 to S.Rls.3,150,000 and the output of the plant will be increased to 2,250 tons annually.

ii) The Saudi Arabian Factory for Metals and Aluminium will be expanded to increase its output from 20 to 52 tons of copper articles and wares and its capital will be raised from S.Rls.350,000 to S.Rls.627,000.

iii) The Khobar Dairy and Ice Cream Factory will be expanded to produce fruit juices. Its capital will be raised from S.Rls.435,600 to S.Rls.4,484,700 and the output will be 75 million gallons of fruit juice annually.

7. Sanitary Towels Factory: A Saudi limited liability partnership has been established under the title "The Sanitary Towels Factory" with a capital of S.Rls.2,492,000 in Jeddah. The Saudi businessman Abdul Muhsin Ali Mousa holds 90% of the venture's capital.

8. Jouf-Taima Road Studies: A contract was signed with the Italian firm, Sauti, for undertaking the studies and designs of the 400-km road between Jouf and Taima at a cost of S.Rls.3 million. When constructed, the road will link the Tapline road with the Medina-Tabuk highway. The studies and designs are to be completed in a period of 15 months.

EXTERNAL ECONOMIC RELATIONS

9. Economic Talks with Oman: An economic delegation from the Sultanate of Oman headed by Sayed Karim Al-Harami, President of the General Development Board in the Sultanate visited the Kingdom and held talks with the Saudi Government, on economic cooperation between the two countries. The minutes on the talks between the two sides were signed on 8th October 1973.

10. Trade Agreement with Tunisia: The Saudi Government has decided to renew the Trade Agreement with Tunisia for another two years as of 20.9.1393-AH (20th October 1973). The agreement regulates trade exchange between the two countries and aims at increasing this exchange by granting exemptions from customs duties to certain goods of each country.

INDO-SAUDI RELATIONS

No significant developments took place during the month under review. However, how far India will be affected on account of the cut in production of crude oil by the Arab countries remains to be seen.

The Ambassador has seen and approved the report.

(H. K. Malhotra)
First Secretary.

NATIONAL ARCHIVES OF INDIA

Copy No. 5.

SECRET

Embassy of India, Jeddah.

No.Jed/101/27/P/73

6th December, 1973.

To:

The Foreign Secretary,
Ministry of External Affairs,
New Delhi.

POLITICAL REPORT FOR NOVEMBER, 1973 - PART I

Sir,

I have the honour to submit the political report for November, 1973.

Summary

1. Internally, the period under review witnessed no developments of any major significance. However, in the sphere of Arab politics as they apply to the current tensions and instability in the region, Saudi Arabia has, increasingly, come to be regarded as the centre of most activities and decisions. In their quest for a settlement of the Middle-East crisis, many Arab, African and other world leaders visited the Kingdom to solicit advice from King Faisal whose image as a venerated statesman has been vastly enhanced after the war in October. Faisal's quiet diplomacy and his whole-hearted support to the nations directly involved in the war with Israel have won him wide appreciation.

2. The oil embargo imposed on U.S.A. and the Netherlands, together with the pressures exerted by reduced oil supplies (resulting from the cut-back in oil production) to Europe and Japan, has earned for the Arab world the European Community's (particularly U.K. and France)vocal support, as also driven Japan into adopting a more pronounced pro-Arab posture.

3. Saudi stand at Algiers:-

At the Arab Summit held at Algiers (24-28 November), Saudi Arabia played a dominant role in championing the cause of Arab unity. According to reliable information, King Faisal advocated the importance of seeking a peaceful solution to the long-standing Middle East issue specially as both the Soviet Union and U.S.A. were also involved. He, however, stressed that the solution would have to be on the Arab terms, viz. the complete withdrawal of Israeli forces from the occupied territories, the restoration of the rightful place to the Palestinians and the return of Jerusalem to the Arabs. Saudi Arabia, however, made a major concession by accepting the P.L.O. as the sole representative of the Palestinians at the cost of the prestige of King Hussain of Jordan - King Faisal's traditional ally. It is reported that Faisal had earlier sounded Hussain about

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NATIONAL ARCHIVES OF INDIA

this development and had advised him against protesting this issue. Current indications are that King Hussain will also be persuaded by Faisal to attend the forthcoming Geneva Peace Conference.

4. Proposed Islamic Summit in Pakistan:-

Following his visit to Saudi Arabia last month, Prime Minister Bhutto is said to have contacted Tunku Abdur Rahman, Secretary-General of the Islamic Secretariat, regarding the possibility of holding the next Islamic Summit in Pakistan. The Summit, which is to be attended by the Heads of State of member countries of the Islamic Secretariat, is reportedly aimed at providing additional political and economic support to the Arab world with particular emphasis on the nations in direct confrontation with Israel. Prime Minister Bhutto has despatched a series of special envoys to the Muslim world to solicit and ensure the presence of the concerned Heads of States. Although originally scheduled for December, the Summit has now been postponed till mid-January, 1974 - the decision having apparently been taken during King Faisal's meetings with Agha Shahi, Foreign Secretary of Pakistan, when the latter visited the Kingdom in early December. It is reported that the decision for postponement was taken partly to allow for the outcome of the proposed Geneva Peace Conference and also due to King Faisal's pre-occupation with the coming Hajj season. King Faisal has welcomed the holding of the Summit and there are reports that he may even finance the Summit. The proposed Summit will be preceded by Muslim Foreign Ministers' Conference which will draw up an agenda and prepare draft resolutions for the approval of the Heads of States.

5. Omar Sakkaf's activities:-

Immediately after Dr. Kissinger's visit to Saudi Arabia (8-9 November, 1973), Syed Omar Sakkaf, Saudi Minister for Foreign Affairs, visited several Arab countries as King Faisal's special envoy with the purpose of briefing Arab leaders on the discussions between King Faisal and Henry Kissinger. Apart from Damascus, Sakkaf also visited Beirut on the 11th November and was received by President Franjieh. The following day, Sakkaf, accompanied by Shaikh Zaki Yamani, Saudi Minister of Petroleum and Mineral Resources, met President Sadat and other Egyptian leaders in Cairo. Though no details were available, the talks are said to have been devoted to Egyptian requirements of military hardware and oil as well as the stand to be taken by Saudi Arabia and Egypt at the Arab Summit at Algiers. Sakkaf also briefed Sadat about the outcome of Kissinger's visit to the Kingdom.

6. Soon after his return, Omar Sakkaf, accompanied the Saudi Arabian delegation to Algiers for the Arab Summit. Omar Sakkaf also visited Tunisia and Morocco and delivered messages from King Faisal to the two Heads of State.

NATIONAL ARCHIVES OF INDIA

7. Egypt:-

President Sadat and King Faisal met in Riyadh for talks on the 1st and 2nd of November. It is reported that the discussions also included the strategy for a peaceful settlement of the Middle East question, the Arab Summit at Algiers and Egypt's financial requirements for the purchase of military hardware to replace war losses. According to reliable report, King Feisal expressed his unhappiness with the conduct of war by Egypt, her hurried decision to accept the ceasefire as also her resumption of diplomatic relations with the United States. All this notwithstanding, the King pledged all assistance to Sadat.

8. With regard to the oil embargo, Faisal is said to have assured the Egyptian President that the embargo on supplies to United States would continue till such time as a peaceful solution to the Middle East problem was found.

9. Additionally, the King is also reported to have cautioned Egypt against an "over-dependence on the Soviet Union".

10. Algeria:-

President Boumedienne of Algeria visited the Kingdom from 5-6 November. His talks with King Faisal are said to have centred on the latest developments in the Arab world including President Boumedienne's conversations with Egyptian, Syrians, Iraqi and Kuwaiti leaders. The effects of the oil embargo on the "pro-Zionist" economies were also discussed.

11. Foreign Minister of Algeria, Syed Abdul Aziz Bouteflika visited Riyadh (21-22 November) and was received by the King. In a statement to the Press, the Algerian Foreign Minister said that the President of Algeria and King Faisal were in full agreement on the handling of Middle East situation on the military, political and economic fronts.

12. Lebanon:-

Sayed Takieddin El Solh, Prime Minister of Lebanon, accompanied by his Foreign Minister and other officials paid a visit to the Kingdom from 17-19 November. The Lebanese delegation was received by the King on the same day. They also had talks with the Crown Prince Khaled bin Abdul Aziz, Prince Sultan bin Abdul Aziz, Defence Minister, and Prince Fahed bin Abdul Aziz, Second Deputy Premier and Minister of the Interior.

13. Sudan:-

President Jaa'far Numairy of Sudan visited Riyadh on the 22nd November and held talks with King Faisal the same day reportedly on the latest developments in the Arab region. Dr. Mansour Khalid, Foreign Minister of Sudan, also paid a visit to Riyadh (13-14 November) and had an audience with the King.

NATIONAL ARCHIVES OF INDIA

14. U.S.A.:-

Dr. Henry Kissinger, U.S.Secretary of State, arrived in Riyadh on the 8th November and was received in audience by King Faisal the following day. Dr. Kissinger was accompanied by Mr.Joseph Sisco, Under Secretary of State. Dr. Kissinger's visit to Saudi Arabia was a part of his tour of the Middle East. Though welcomed in Saudi Arabia, Dr.Kissinger's arrival did not seem to mark any unusual enthusiasm in government circles. King Faisal is reported to have quite bluntly told Dr.Kissinger that until the Middle East issue was solved to the complete satisfaction of the Arabs, the oil embargo on U.S.A. would not be lifted. King Faisal, in a reference to the past, is said to have described how Saudi Arabia had come to be regarded as a lackey of the United States, instrumental in the successful implementation of the imperialist American policies in the Middle East. He added that he had been forced to use the oil weapon as the United States, despite repeated warnings, had not heeded to Faisal's advice for seeking peaceful means for the solution of the Middle East crisis. Faisal is also said to have alleged that it was American indifference which had given Israel the courage to commit repeated acts of aggression. The King is further reported to have threatened that if the super-powers still failed to find a solution, the Arabs would be forced to resort to all-out war which would probably involve the entire world. King Faisal reiterated the basic Arab demand is a complete Israeli withdrawal from the occupied territories, the return of Jerusalem and the restoration of their rightful place to the Palestinians.

15. In a statement to the Press, Foreign Minister Sakkaf said that the Saudi Government believed in Dr.Kissinger's sincerity in seeking a peaceful solution to the Middle East crisis and, accordingly, wished him success.

16. Important Visitors:-

Important visitors to the Kingdom included Sayed Ahmed Al-Tayab bin Hina, Foreign Minister of Morocco (November 11); Sayed Mohd Ahmed No'man, Vice-Premier and Foreign Minister of the Y.A.R. (November 8); Sultan Qabus of Oman on the 24th November on his way to Algiers via Cairo. The Sultan held talks with the Saudi Crown Prince at the airport; Syed Hasan Sabri Al Kholi, President Sadat's personal representative, and Syed Hasan Al-Tuhami, President Sadat's Advisor, also visited the Kingdom during the month. Syed Bahjat Al Talhouni, Chief of the Jordanian Royal Court and Syed Abdul Mon'em al-Rifai, Jordanian Ambassador to Cairo, visited the Kingdom on the 18th November and delivered a message to King Faisal; Mr. Mohd. Al Masmoudi, Tunisian Foreign Minister, visited Saudi Arabia. He had an audience with King Faisal when he gave him a special message from his President. Foreign Minister of Ethiopia visited Saudi Arabia (24-26 November) when he met King Faisal and delivered a message from Emperor Haille Selassie to the King.

NATIONAL ARCHIVES OF INDIA

SECRET

17. Indo-Saudi Relations:-

As a result of our consistent and unequivocally pro-Arab position in the Middle East issue and the efforts made by the Government of India to convince the Arab States of our continued support, King Faisal ordered the restoration of oil cuts imposed on India earlier. A press note issued by the Foreign Office stated that the Saudi Government had neither stopped nor reduced the oil shipments to India and that India had supported the Arab countries and backed them in their just struggle to recover the usurped territories from the Zionist enemy. The note also clarified that India's stand on this question was that of a friendly country. It added that the reports spread by certain sources to the contrary were incorrect.

Yours faithfully,

(Zahir Ahmed)
Ambassador of India

NATIONAL ARCHIVES OF INDIA

Copy 5
M E A (Historical Division)
Dy No. 503 R&P 74
Date 21/1

Secret

Embassy of India, Jeddah

No.Jed/101/27/P/73. 10th January 1974.

To: The Foreign Secretary,
Ministry of External Affairs,
New Delhi.

POLITICAL REPORT FOR DECEMBER 1973 - PART-I.

Sir,

I have the honour to submit the political report for December 1973.

Summary: The Saudi Government geared-up its administration for making the Haj 1974 a success and during the period under report, government officials and departments remained preoccupied with connected arrangements. By the end of December about 600,000 pilgrims, from all over the world, arrived in Jeddah by sea, air and land routes. No other important internal activities took place. In the external field, the Middle East crisis and the Geneva Peace Conference continued to engage the attention of Saudi Arabia. The Arab leaders remained in touch with King Faisal about the strategy to be adopted by them during their confrontation with Israel in Geneva. Saudi Arabia has been taking serious note of the repeated violations of the ceasefire line both at Suez and Golan Heights fronts.

It is reported that the proposed Islamic Summit in Lahore has been further postponed to February 22 to make it convenient for the various Heads of State to attend the meeting and to enable them to watch and assess progress of the Geneva Peace Conference. Tunku Abdul Rahman, outgoing Secretary-General of the Islamic Secretariat, left Jeddah on the 25th December and his successor Hasan Tuhami tookover on 30th December.

The Indian Goodwill Delegation to Haj 1974 led by Shri F.H.Mohsin, Deputy Minister for Home Affairs, arrived in Jeddah on the 23rd December 1973 (at 1.30 a.m.). The delegation had an audience with the King on 25th December 1973 and also met the Secretary-General of the Rabita on the 27th December.

Two Pakistan Naval ships paid a goodwill visit to Dammam port during the month. Maulana Kausar Niazi, Minister of Information, Haj and Aukaf, arrived as the Head of Pakistan Delegation to Haj 1974.

Internal Affairs

Nothing special to report.

External Affairs

Algiers Summit and after:

2. There appears to be a feeling in this country that this Conference will have significant effects on the Middle East problems. King Faisal is reported to have said that the Middle East problems, as far as possible, should be solved peacefully failing which the Arabs should be prepared for an all-out war. Therefore, one of the decisions reportedly taken at the

NATIONAL ARCHIVES OF INDIA

Conference was, if need be, to continue the war for any length of time and for this purpose the conference decided to pool all the resources of the Arab countries, including oil. According to the government-controlled Saudi press, the plea by the big powers that Israel should make "concessions" for solving the Middle East problem is not to the liking of the Arabs as they (the Arabs) feel that Israel has no right over the occupied territories. Threats of withdrawal of Arab funds from foreign banks were also made in the recent Arab Finance Ministers' Conference held in Jeddah with a view to pressurise the world and so to impress upon Israel the need for a serious effort to solve the problems. Referring to the recent arms supply to Israel by the U.S.A., it has been reported that it will only "destroy all the probablities of peace" and this has been played down by Americans by saying that the Jews have agreed to attend the peace conference at Geneva. The Arabs have been trying to feel content with the reports from U.K. and U.S.A. that Israel's ability to remain always an invincible power is doubtful in the light of the October War.

3. Saudi Petroleum Minister Sheikh Zaki Yamani and his Algerian counterpart Mr.Belaid Abbessalem visited Europe, the United States and Japan, obviously to impress upon these countries the need to pressurise Israel to come to terms with the Arabs. The visit was considered an effective act of Arab diplomacy in explaining the Arab point of view on the Middle East crisis resulting in halting oil exports to USA and Netherlands and application of cut-backs on the supply to other countries. US Senator Fulbright has been quoted saying that no wise man was thinking of imposing reprisal measures against the Arabs for their oil embargo.

The results of the visit of the two Ministers were discussed at the Arab Petroleum Ministers meetings at Kuwait, specially conducted for the purpose on the 24-25th December where they gave an account of their discussions with the leaders of the countries visited by them. The meeting inter alia decided to export oil to the friendly countries according to their actual needs even though this was more than the pre-war level provided that Arab oil was neither re-exported by those countries nor substituted for non-Arab oil. The meeting also decided to raise their production by 10 per cent to the level of September 1973 in order to bring about the percentage of reduction to 15 per cent from 25 per cent and also not to impose the additional 5 per cent cut for the month of January, 1974.

4. Kissinger's Visit: US Secretary of State Henry Kissinger visited Saudi Capital for 16 hours on 14/15 December during which he had an audience with King Faisal also. Before his arrival, it was said in the Saudi circles that Kissinger holds the key to the Middle East crisis and his mission was more hazardous than the one undertaken by his predecessor Mr.Rogers, in 1970. Rogers had only Egyptian front whereas Kissinger has Syrian front too. As a result of the recent war, the oil weapon has also appeared with all its far-reaching effects. The AP correspondent accompanying Kissinger said the Arabs may resume limited oil supplies to USA next month until the Geneva peace conference makes some progress. After Kissinger's one-and-a-half-hour audience with King Faisal, the Saudi officials said that chances of lifting of oil embargo appeared to be less than fifty-fifty and that only a strong

-3-.....

NATIONAL ARCHIVES OF INDIA

demand of America for complete withdrawal of Israeli forces from occupied Arab territories and restoration of Jerusalem to the Arabs would help the resumption of the pumping of oil. Kissinger said before leaving Riyadh that he had delivered a message to King Faisal from Nixon both of whom have known each other for several years and described the talks he had as comprehensive, frank and constructive. He concluded by saying that the problems of common interest would find a quick solution.

5. Sayed Omar Sakkaf: Saudi Minister of State for Foreign Affairs, Sayed Omar Sakkaf, visited France, Federal Republic of Germany and Italy immediately after the conclusion of Arab Summit in Algiers. He met his counterparts and the press in the respective countries and related the successful outcome of the conference which proved the solidarity of the Arabs. The Middle East situation was also among the topics discussed with the leaders of these European countries. On arrival back home on the 6th December he said he had made friendly visits to some European capitals, particularly France "with which we have strong relations".

6. Islamic Summit at Islamabad: King Faisal in a message to Premier Bhutto has endorsed his full support for holding the Conference which has now been postponed till February 22, 1974. Agha Shahi, Foreign Secretary of Pakistan, who arrived in the Kingdom on 3rd December, had an audience with King Faisal and reportedly discussed the forthcoming conference. The Saudi Deputy Foreign Minister Sheikh Mohd.Ibrahim Masoud, in a statement to the press, said that the liberation of Jerusalem and also Zionism would be discussed at the conference.

7. Islamic Finance Ministers' Conference: The first Conference of the Finance Ministers of Islamic countries, held in Jeddah on 15th and 16th December 1973, was attended by twenty-four nations including an impressive number from Africa and Asia. The conference was opened by Prince Fahed bin Abdul Aziz, Saudi Deputy Premier and Minister of the Interior. The outstanding feature of the Conference was the signing of a "Declaration of Intent" regarding the establishment of the Islamic Bank for Development, the concept having been earlier drafted and presented by Malaysia under the personal guidance of Tunku Abdul Rahman in his capacity as Secretary-General of the Islamic Secretariat. For its organisational structure, the Islamic Development Bank is said to have borrowed heavily from existing institutions like the World Bank and the Asian Development Bank, etc. According to reports received, the Bank is to have an initial capital outlay of One Billion U.S. Dollars as confirmed by Qatari Finance & Oil Minister Sheikh Abdul Aziz Ben Khalifa al-Thani, on his return from Jeddah. Dr.Abdul Rahman Haras, Governor of National Central Bank of Somalia, proposed Mecca as a site for the Head office of the Bank.

These developments, even if such a bank is established, would appear to be full of imponderables. The relationship, for instance, which would emerge between the Arab nations financing the Bank and the Asian and African nations receiving the benefits of investment is still uncertain. The Arabs are said to have been coaxed into participation mainly for the reason that agricultural development, which would result in the developing Islamic countries through the Bank's activities, would enable them (the Arabs) to lessen their present dependence

NATIONAL ARCHIVES OF INDIA

on the West for food and other consumer goods giving them thereby a greater leverage in their dealings with Europe and U.S.A. It would appear that "profit incentives" of this kind may not prove of sufficient importance to the Arabs in the long run. Besides, from the point of view of the developing countries concerned, there seem to exist considerable misgivings regarding the possibilities of an increasing Arab predominance in their development activities. In the background of these problems, the future of the Islamic Development Bank is still uncertain.

8. Islamic Secretariat: Tunku Abdul Rahman, Secretary-General of the Islamic Secretariat, left Jeddah on 26th December 1973 at the end of his term of office. Before his departure, he was received in audience by King Faisal who awarded the King Abdul Aziz Medal to Tunku in appreciation of his services as Secretary-General. The Tunku also held a press conference wherein he enumerated the results achieved by the Secretariat while he was in office. He attributed the accomplishments to the absolute and unlimited support of King Faisal.

9. Yemen: As a further economic support to Y.A.R., King Faisal has ordered the exemption of payment of fees from the Yemeni pilgrims numbering about 60,000 for Haj 1974. This is in addition to the technical and other cooperation covering almost all sectors of development.

10. Egypt: Dr.Abdul Aziz Hijazi, Egypt's Vice-Premier and Economy Minister, accompanied by Presidential Secretary Ashraf Marwan, arrived Jeddah on the 5th December. Speaking to Saudi press, the Vice-Premier spoke highly of King Faisal's stand during the October War and also dwelt upon the use of Oil as a political weapon. He said that President Sadat was in agreement with King Faisal on the Unity proposals. They also had an audience with King Faisal.

11. Japan: Mr.Takeo Miki, Vice-Premier of Japan, accompanied by a delegation, arrived Riyadh on the 11th December. They were welcomed by Sayed Hisham Nazer, Minister of State and President of the Central Planning Organisation. Mr.Miki said, on arrival, that his country opposes Israeli expansionism and regretted Israel's failure to implement UN Resolution 242 and said Japan would exert its efforts for implementation of the UN resolution. The visiting delegation had an audience with King Faisal. Earlier, the Japanese Vice-Premier and the delegation had a two-hour meeting with Prince Fahed bin Abdul Aziz, Second Deputy Prime Minister and Minister of Interior, and others. Their talks dealt with the current situation in the Middle East and the economic relations between the two countries. At a press conference, Mr.Miki described his talks with the Saudi leaders as useful and said Japan fully supported the Arab cause vis-a-vis Israel. He said Japan might be compelled to reconsider its relations with Israel should the latter fail to respond to the Security Council Resolution, and concluded by saying that his government supports the legitimate rights of the Palestinians. As a result of Miki's visit to Saudi Arabia and other Middle East and Gulf countries, and perhaps because of the promises of economic and technical assistance, Japan was brought on the list of friendly countries with regard to the oil supplies. The decision was announced at the Arab Oil Ministers' Conference in Kuwait held on 25th December 1973.

NATIONAL ARCHIVES OF INDIA

12. South Vietnam: Mr.Phong Van Pak, South Vietnam's Minister of Foreign Affairs arrived Jeddah on the 10th December for a three-day visit to the Kingdom. He had an audience with King Faisal who was given a briefing on the situation in Vietnam, particularly after the signing of the peace agreement. Strengthening of relations between Saudi Arabia and South Vietnam was also discussed. In a statement to the press, Mr.Phong Van Pak thanked King Faisal and the Saudi people for their moral support to South Vietnam. Omar Sakkaf, the Saudi Minister of State for Foreign Affairs, paid a courtesy call on the visiting Minister at his hotel.

13. India: The Indian Goodwill Delegation to Haj 1974, headed by Shri F.H.Mohsin, Deputy Minister for Home Affairs, called on King Faisal on the 25th December 1973. During the conversation, the King referred to the need of safeguarding the life and property of the Muslims in India by the Government and said that the late Prime Minister Nehru had given him a pledge to do so. He added that he was interested in India's stability and wellbeing as a friend of India and was not trying to interfere in the internal affairs of India. When invited by Shri Mohsin to visit India, the King said he intended visiting India sometime in future after a settlement of Middle East problems. The King further said that the greatest danger to humanity was from Zionism which gave birth to communism for the destruction of the world and he desired his friends in India to steer clear of these twin evils. Referring to the Israeli Consulate in Bombay, he suggested that the Indian Government may get rid of it since its existence, in all likelihood, according to him, was funneling funds for creating disaffection in India and communal riots in various states.

Shri Mohsin also called on Mr.Saleh Gazzaz, Secretary-General of the Rabita-Alam-e-ul-Islami, Mecca, on the 27th December. Saleh Gazzaz pointed out that efforts should not be made to change the basic character of the Muslim University at Aligarh, and the laws being framed in this connection should be so modified that this Islamic institute reverts to its original status. Mr.Gazzaz added that Muslims all over the world were feeling hurt because their appeals in this context had been disregarded. Mr.Gazzaz suggested that no attempt should be made to interfere with the Muslim personal law as even from the point of view of the Government of India it was necessary because such matters created commotion among the Muslim ranks and were harmful to the stability of India. Mr.Gazzaz also said that Rabita's interest in Indian Muslims was confined to their physical and cultural safeguards and at no stage was there a desire to undertake any kind of Muslim missionary activity in India.

14. Pakistan: Two Pakistani Naval ships - Badr & Jehangir - paid a friendly visit to King Abdul Aziz port in Dammam on the 10th and 11th December, and left for Kuwait on the 12th December. The Commander of the ships paid a courtesy call on Prince Sultan bin Abdul Aziz, Saudi Defence Minister, Prince Ben Jalavi, Governor of the Eastern Province, General Muhammad bin Amer, Commander of the Eastern Province and Brigadier Suleiman Al-Shaye, Commander of the Frontiers and Coast Guards. During their visit, the crew of the naval ships were taken to some industrial installations in the Eastern Province, Dhahran's College of Petroleum and Minerals, Dhahran's International Airport and the Oil Industry Exhibition at Dhahran.

-6-.....

NATIONAL ARCHIVES OF INDIA

95

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15. Important Visitors: Important visitors to the Kingdom included Brazilian Deputy Foreign Minister; Lord Anderson, Under Secretary responsible for British Defence Ministry's sales; Lord Oldington who delivered a message from British Premier Edward Heath to King Faisal; Thai Deputy Foreign Minister; Special aide of the Korean President; Foreign Minister of Lesoto; Syria's Deputy Premier and Foreign Minister who delivered a message to King Faisal from President Hafez Al-Assad, dealing with developments of the situation in the region and the reasons which prompted Syria not to attend the Geneva Peace Conference; Sayed Rushdi Al-Kekhya, former Speaker of Parliament in Syria; Mr. Steven Talbert, Defence Minister of Liberia for strengthening of economic and industrial relations between the two countries. Besides, Sheikh Rashed bin Hameed Al-Na'eema, the Ruler of Ajman; President of Gabon: H.E. Gen. S. Lamazena, President of Upper Volta; and Sayed Ahmed Majeed bin Talloun, Moroccan Minister of Information also arrived in the Kingdom to perform Haj.

16. Diplomatic:

i) H.E. Mr. Francisco Ossano, the new Mexican Ambassador, presented his credentials to King Faisal on the [illegible]

ii) H.E. Mr. Gen Srancois Trine, Ambassador of Belgium, presented credentials on 23rd December.

iii) H.E. Mr. M.G. Valente, Ambassador of Brazil, presented his credentials on 25th December.

iv) H.E. Mr. L. Pangandaman, Philippines Ambassador, also presented his credentials on 23rd December.

Saudi Arabia and Australia have agreed to establish diplomatic relations at the ambassadorial level.

Yours faithfully,

(Zahir Ahmed)
Ambassador of India.

Distribution:
As per standard list.

NATIONAL ARCHIVES OF INDIA

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EMBASSY OF INDIA
JEDDAH

No.JED/101/27/P/73 14th January 1974.

POLITICAL REPORT FOR NOVEMBER & DECEMBER 1973

Part II ..... Economic.

INTERNAL ECONOMIC DEVELOPMENTS

Oil Developments

The month of November was marked by significant developments in oil politics. In October 1973 the Arab countries including Saudi Arabia had decided after their meeting in Kuwait to reduce oil production by 5 per cent every month until Israel withdrew from the occupied "rab territories and the legitimate rights of the Palestinian people are restored. The Arab Oil Ministers met for the second time in Kuwait on 4th and 5th November and decided that each Arab State should reduce its production of crude oil by 25 per cent of the September production level including the amounts reduced as a result of the oil embargo on the United States and Netherlands. Saudi Arabia fell in line with this Resolution. The impact of the decision started being felt by the major off-taking countries during the month itself. Saudi Arabian leaders were under a great deal of pressure for relaxation of the cut in production of crude oil, they, however, adopted a stiff attitude in this matter. It was more than once reiterated by King Faisal and Oil Minister Sheikh Zaki Yamani that restoration of cut back was contingent on full withdrawal by Israel to the position as existed before the 1967 War. Dr. Kissinger, the US Secretary of State visited the Kingdom during the month and King Faisal is reported to have made it clear to him that the oil embargo and reduction in oil production will continue unless three conditions were met namely,(a) complete Israeli withdrawal from occupied Arab territories; (b) giving the Palestinian people their right of self-determination; and (c) the restoration of Arab character to Jerusalem.

2. The meeting of the Arab Oil Ministers in Kuwait realising that their decision would have far reaching repercusions decided to send the Algerian Minister of Energy and the Saudi Minister of Petroleum to Western capitals to explain the Arab viewpoint in the matter. As a follow up of this decision Mr. Balied Abdel Salam, Algerian Minister of Industry and Energy and Sheikh Zaki Yamani, Saudi Minister of Petroleum and Mineral Resources started touring the Western European countries. Sheikh Zaki Yamani made significant pronouncements in Paris and London. On the one hand he emphasised that the cut in production of curde oil will not be restored until concrete action is taken by the affected countries and not just by political declarations, on the other he has been trying to assuage the feelings of the European countries and trying to assure them that the "friendly" countries will continue to receive exactly the same amount of oil as they received prior to September 1973. It is being discussed whether this can be done without restoring at

.../2

NATIONAL ARCHIVES OF INDIA

at least part of the cut in production of crude oil but the position is not yet clear. More countries had been added to the exempted list after the initial announcement. If supplies to all these countries are not to be affected it would most likely be at the expense of causing greater shortages of oil to non-exempted and embargoed countries.

3. Prince Saud Al-Faisal, Deputy Minister of Petroleum announced that oil embargo against the countries that support Israel was being applied under strict control that does not allow any leakage to the boycotted countries. In a statement to the Lebanese daily "Al-Anwar", the Prince said that "the question of the oil boycott and the cutback in production was under consideration before the outbreak of the war. The stoppage of the oil flow by the Arabs is not aimed at the European and American peoples but at the Governments which formulated the Security Council Resolutions and failed to participate in implementing them." Referring to the supervision of the oil shipments, Prince Saud pointed out that the oil embargo on the countries which support Israel is being applied in a sound manner because it is based on an administrative method and strict control that are beyond doubt, in addition to the control provided by the Arab Boycott of Israel. Prince Saud also confirmed the report that Saudi Arabia is seeking to obtain 51% share of the oil operations carried out by Aramco before the time set in the Participation Agreement. The Participation Agreement had provided that this will by stages be increased to 51 per cent by 1982.

4. Certain developments in Indo-Saudi relations in matters connected with oil appeared to have a disturbing effect on public opinion in India. The Petroleum Intelligence Weekly of 29th October 1973 contained a news item that instructions had been given by Saudi Arabian authorities to Aramco for handling oil cuts. This exempted the following 9 countries from their cut: France, Spain, Jordan, Lebanon, Malaysia, Pakistan, Tunisia, Egypt and temporarily U.K. Further, Petromin (Riyadh) intimated the Indian Oil Corporation that there would be 10 per cent cut in the oil supplies contracted under the Indo-Saudi Oil Agreement signed in May 1973. In view of the firm and persistent support given by India to the Arab cause, this was an unexpected development. However, as a result of the diplomatic efforts made by India and this Mission, the Saudi Government informed the Mission that India had been placed on the exempted list. It was later clarified by the Saudi Government that the basis of supplies of crude oil to friendly countries will be the daily average of liftings in the first nine months of 1973 or daily average for the month of September calculated in barrels per day whichever is higher. Although for some time the liftings of ESSO from Saudi Arabia remained upset, the announcement of the Saudi Government on the subject helped a great deal in easing the public opinion in India.

5. During the month of December, in accordance with the decision of the Arab Oil Ministers, as announced on 8th December 1973 in Kuwait, Saudi Arabia decided that the cut in production of crude oil and the total embargo of crude oil supplies to US and Holland would continue until a satisfactory agreement is reached on the Middle-East crisis; Oil Ministers enforcing the resolution shall meet again to lay down the schedule for the gradual restoration of oil production to its September level corresponding to the

.../3

NATIONAL ARCHIVES OF INDIA

stages of a settlement. It was also decided that African, Muslim and friendly countries shall be supplied with all the amounts of oil for which they have contracts even if this required raising production by a rate that ensured meeting their local needs provided it was ascertained that oil was not re-exported to countries under embargo. Later during the month Saudi Arabia, following the line of the other Gulf oil producing countries, increased the posted price of its crude oil from US$ 5.11 to US$ 11.65 per barrle, with effect from 1st January 1974. In his pronouncements during the month the Saudi Oil Minister Sheikh Zaki Yamani has been emphasising that Gulf oil producing countries must be reasonable and act responsibly as members of the international community. This obviously has particular reference to the requirements and problems of the developing countries. After the meeting of Arab oil producing countries in Kuwait it was announced by the Saudi Oil Minister that they had decided to increase production by 10 per cent above the present level and friendly countries will be provided with their oil needs. This has been done in appreciation of the difficulties which the vast majority of the nations of the world have been facing due to the cut imposed by the Arab countries earlier.

6. Credit Bank in Saudi Arabia: Saudi Arabian Credit Bank has been established with a view to extending loans to low income groups of citizens. It was formally inaugurated by Sayed Muhammad Aba Al Khail, Minister of State for Finance and National Economy on 2nd December 1973. This would be complimentary to the social insurance system. Loans will be given to individuals whose annual income does not exceed S.Rls.12,000, and for the following purposes:

i) Marriage for the first time, or marriage of a widower, provided in both cases the spouse is a Saudi national.

ii) Repair of the house owned by the applicant.

iii) Medical treatment in emergency cases that require urgent surgical operations.

iv) Exercising one of the professions such as black-smithery, carpentry, electrical repair and so forth.

v) Special cases when the Bank's board of directors is convinced about the reasonableness of granting such a loan.

7. Turbines for Jeddah Desalination Plant: A contract was signed by the Minister of Agriculture and Water, Sheikh Hassan Mishari, with the American concern, General Electric, for the supply and installation of a gas turbine unit with a generating capacity of 20,000 kilowatts at a cost of S.Rls.12 million. The unit is intended for the Jeddah Desalination Plant.

8. Ceramics Plant Project: A series of meetings were held during the month at the Industrial Studies and Development Centre, Riyadh, to discuss the establishment of a factory of ceramic and sanitary goods for which the feasibility study was prepared by the Centre. The meeting was attended by representatives of Riyadh Bank, Social Insurance Organisation

.../4

NATIONAL ARCHIVES OF INDIA

and a number of leading businessmen in the Kingdom. Agreement was reached on the establishment of a Joint Stock Company for the purpose with a capital of S.Rls. 25 million. The businessmen who attended the meeting, the Riyadh Bank and the Social Insurance Organisation will provide S.Rls.18 million of the total capital whereas the remaining part will be collected from the stock market.

9. Contract for Automatic Telephone Services: Sheikh Mohd. Omar Tawfiq, the Saudi Minister for Communications, signed four contracts of a total value of S.Rls.238 million with a view to providing automatic telephone services throughout the Kingdom of Saudi Arabia and linking the various areas with a sound communications network on the one hand and linking the Kingdom with the outside world on the other.

10. Extension Works at Islamic Port of Jeddah: The second phase of the extension programme of the port of Jeddah has been approved by the Saudi Government and the company concerned has already taken up the work in hand. The cost of the project, which is expected to be completed in about 45 months, is approximately S.Rls.144 million. The port's extension programme will include the building of four new wharfs each 180 metres long, construction of stores, warehouses and a large cold storage.

11. Industrial Plants: Saudi Government has approved the establishment of the following new industrial plants in the country:

i) Plant for the manufacture of rubber bands in Dammam with a capacity of 100 tons per annum and a capital of S.Rls.953,000.

ii) Plant for the manufacture of barrels in Jeddah with a capacity of 100,000 barrels a year and a capital of S.Rls.2.6 million. The owner of the plant is Ibrahim Omar Ghandoura, P.B.626, Jeddah.

iii) Factory for the production of bed-mattresses and wadding materials in Dammam with a capacity of 240,000 cubic metres and 3000 mattresses a year.

iv) Plants for the manufacture of printed plastic bags, plastic bags, wrapping paper and publicity paper.

v) Factory for the production of poultry feed in Riyadh with a capacity of 7200 tons per year and a capital of S.Rls.785,000.

12. Medina Sewage Project: A contract for constructing the secondary sewage network and house connections of the Medina sewage project at a cost of S.Rls.84.4 million was awardedto a Saudi-Labanese concern - Consolidated Contractors Co.

.../5

NATIONAL ARCHIVES OF INDIA

13. Other Sewage Projects: Contracts for the following sewage projects were also awarded during the period under review:

i) Al-Hasa sewage project was awarded to the German firms Muller and Polensky & Zoellner (P.B.No.2769, Riyadh) at a cost of S.Rls.129 million.

ii) The Lebanese firm, Societe Nationale d'Entreprises (P.B.No.7101, Beirut) was awarded the project for the Buraida sewage network at a cost of S.Rls.74.8 million.

iii) The third contract for the Qatif sewage network was awarded to the Lebanese firm, OTAC Contracting Company (P.B.No.6083, Beirut) at a cost of S.Rls.44.6 million.

The projects call for pumping stations, main and secondary sewage networks, home connections and equipment and apparatus for each project. Each project also envisages a sewage treatment plant.

14. Road Contracts: Following contracts for the construction of roads were awarded:

a) Contract for the construction of the Barra-Raghba-Ruwaida links which branch off the Riyadh-Taif highway at a cost of S.Rls.12 million was awarded to Arabian Contracting Establishment (Airport Street, Riyadh).

b) Contract for undertaking the studies and designs of the Kharj-Hardh-Udhailiya-Abqaiq road at a cost of S.Rls. 3 million was awarded to the British consultants, Scott, Wilson and Kirkpatrick and the Saudi consulting Office, "Tareq Alshawwaf P.B.2341, Riyadh).

c) Contract for the construction of 164 km. of Khaibar-Ula road at a cost of S.Rls. 84.2 million was awarded to a Korean-Saudi joint venture - Sam Whan Enterprise Co. (Korea) and the Trading & Contracting Establishment and the National Development Corpn., (both Saudi firms). Khaibar-Ula road will link Khaibar with Medina-Tabuk-Ula-Maden Saleh highway.

15. Pre-Fab Houses Project: A licence has been granted by the Foreign Capital Investment Committee of the Commerce and Industry Ministry to a Kuwaiti national, Muhammad Abdul Muhsin Al-Khurafi for the establishment of a plant for pre-fabricated houses in the Eastern Province with a capital of S.Rls.6.17 million. Initial capacity of the plant will be 300 flats and 100 houses per year with a value totalling S.Rls.14 million.

EXTERNAL ECONOMIC RELATIONS

16. A Nationalist Chinese economic and trade delegation led by the Minister of Economy Y.S. Sun paid an 8-day visit to the Kingdom and held talks with the Saudi Government on strengthening trade and economic ties between the two countries. It is reported that the Minister had discussions

.../6

NATIONAL ARCHIVES OF INDIA

on the following points:

i) Exchange of capital and know-how for the establishment of industrial plants in the two countries such as the processing and canning of meat, fish and agricultural produce; the establishment of a sugar refining factory and another for processing oil by-products.

ii) Vocational training of technicians - an agreement is expected to be concluded between the two countries in this field.

iii) Cooperation in the lighting of cities and villages with electricity and the use of modern materials and their development.

iv) Increase in trade to a higher level and the exchange of visits by commercial and trade delegations.

An agreement is reported to have been reached during the visit to raise Chinese exports of cement to the Kingdom to 20,000 tons by next year, 11000 tons of sugar and 200 tons of pipes. An exhibition of Taiwanese goods was also held in Riyadh at the time of the visit of the Minister.

17. British Trade Mission: A British trade mission headed by Mr. Bob Fewlass, a member of the British Institute for Export visited the Kingdom. The mission included representatives from a cross-section of the industries in Britain including manufacturers of paints and protective coatings, insecticides, bedspreads, wire-splicing machinery, detergents and earth-moving equipment.

18. Finland's Trade Minister: The Finnish Minister of Trade and Industry paid a short visit to the Kingdom during which he had an audience with the King and held talks with Saudi Ministers and officials to expand trade and economic cooperation between the two countries especially in organising trade exhibitions in Saudi Arabia and import of Saudi oil by Finland. Finland exports large quantities of timber to Saudi Arabia.

19. Spanish Trade Delegation: A Spanish Economic Mission headed by Director General of Economic Relations at the Spanish Foreign Ministry paid a short visit to the Kingdom and held talks with the Saudi Government on cooperation in the economic and industrial fields between the two countries. Oil was the main subject during the talks.

20. Japanese Dy. Prime Minister Takeo Miki: Japanese Deputy Prime Minister Takeo Miki headed a delegation to the Kingdom and held talks with high-ranking Saudi Ministers and officials on the ways and means for expanding economic cooperation between Saudi Arabia and Japan in many fields especially the establishment of certain light and intermediate industries in the Kingdom. The visit was a part of Miki's tour of the Middle East countries to explain Japan's stand on the Arab-Israeli dispute. He pleaded, reportedly, Japan's case for the resumption of full supplies of crude oil by the Gulf exporting countries. As a result of Miki's visits the Gulf oil exporting countries have included Japan in the list of friendly countries for the supply of their crude oil.

.../7

NATIONAL ARCHIVES OF INDIA

21. Other Economic Delegations: Other delegations which paid visits to the Kingdom and held discussions on the expansion of economic and trade relations were: a delegation led by Finance Minister of Ghana; a Thailand delegation led by Deputy Foreign Minister; the Liberian Minister of Finance; a delegation representing the giant Japanese concern Nippon Steel; a Moroccan delegation led by the Director-General of Refineries; Egyptian Minister of Civil Aviation Engineer Ahmad Nouh; Somali P.T.T. Dy. Minister Sayed Muhammad Ahmad Abdullah; and the Pakistani Fuel & Energy Minister Sayed Hayat Muhammad Khan.

22. Islamic Bank: At a two-day Conference in Jeddah, the Finance Ministers and Representatives of 25 Muslim countries endorsed their intention of setting up the International Islamic Bank for Development. The objects of the bank were explained by the Secretary-General of the Islamic Conference as under:

i) Consolidating and bolstering economic participation and cooperation in an Islamic spirit in accordance with the teachings of Islam.

ii) Boosting economic development in Muslim countries and communities, accelerating economic growth, and achieving economic cooperation.

The headquarters of the Bank willbe at Jeddah. In order to work out the details the Conference also decided on the formation of a Preparatory Committee to carry out the following assignments within a period of not more than 4 months after taking into account the studies, proposals and observations advanced by the member countries:

a) to study and prepare the documents necessary for the setting up of the Islamic Bank for Development;

b) to study and prepare the organisational and administrative structure of the Bank; and

c) to take the steps necessary for putting the declaration of intention into effect.

The Chairman of this Committee will be Tenku Abdul Rehman Putra. It was also decided to hold an annual conference of the Finance Ministers of Islamic Countries. The Qatari Minister of Finance and Petroleum Sheikh Abdul Aziz Ibn Khalifa Al-Thani announced that the capital of Islamic Bank will be US$ 1000 million and Qatar's contribution to the capital will amount to US$ 20 million.

23. Withdrawal of Arab capital from Foreign Banks: The Arab Economy Ministers who met in Cairo during early December have reportedly called for a gradual withdrawal of Arab capital from foreign banks to increase the capital of Arab financing firms. They are said to have agreed that rich Arab countries should invest in development projects of needy sister Arab states. This decision appears to have caused consternation in the Government circles in U.K. and seems to have prompted the Government of UK to send a personal envoy of the British Prime Minister, Lord Oldington, to Saudi Arabia to deliver a message to His Majesty King Faisal.

.../8

NATIONAL ARCHIVES OF INDIA

103

SECRET

24. Geology Conference: Dr. Fadhel Qabbani, Deputy Minister of Petroleum for Minerals represented Saudi Arabia at the seminar held by the International Union for Geological Sciences in Ethiopia. The purpose of the seminar was to make comparative studies of the mineralized areas on both sides of the Red Sea as well as the mineral areas in the continental shelves in the world.

25. Financial Assistance to Yemen: Saudi Arabia has paid a sum of S.Rls.20 million to the Yemen Arab Republic as a financial contribution. This is the third instalment of the Saudi Government's financial assistance to Yemen and in addition to educational and developmental assistance rendered to YAR.

Indo-Saudi Relations

26. Mr. S. M. Ali, Deputy Manager, Shipping, Indian Oil Corporation visited Riyadh and Jeddah during December in connection with the non-acceptance of two tanker loadings to the extent of 80,000 tons of crude oil by Petromin.

(Zahir Ahmed)
Ambassador

NATIONAL ARCHIVES OF INDIA